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Summary of Developments in Major Problems of United States Foreign Policy

MAY-JUNE 1948



PUBLISHED BY
THE BROOKINGS INSTITUTION
WASHINGTON 6, D. C.

ME 1, NUMBER 9

60c PER COPY; \$5.00 PER YEAR

This Summary is issued as a continuing supplement to "Major Problems of United States Foreign Policy, 1947—A Study Guide" published early in the autumn of 1947 by the Brookings Institution. It will appear nine times during the academic year 1947-48, an issue to cover the developments in each month from September 1947 through April 1948, inclusive, with the ninth issue to cover May and June 1948. Each issue of the Summary will be available about three weeks following the close of the period to which it pertains.

The general outline of the Summary is keyed to the outline in Part III of "Major Problems of the United States Foreign Policy, 1947—A Study Guide." Variations in this outline may occur from time to time with changes in the course of current history and the resultant shifts in the problems confronting the United States. Any major variations of this kind will be noted in the Introduction to each issue of the Summary.

The material in this Summary is based on publicly available official documents bearing on the events recorded and on information contained in selected American and foreign newspapers. Every effort is made to verify the accuracy of the statements made.

This publication is a part of a broad program of research and education in international relations, recently inaugurated by the Brookings Institution and focused on the current foreign policies of the United States. The program is being undertaken by the staff of the Institution's International Studies Group. The Summary is prepared by Jeannette E. Muther assisted by Constance G. Coblenz, Marie J. Thresher, Frances M. Shattuck, Tatiana Buzanova, and Maxine Lybarger, under the guidance of the principal members of the research staff.

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OUTSTANDING DEVELOPMENTS

The two-month period opened with a sensational diplomatic exchange between the United States and the Soviet Union. On May 4, the United States, in a formal note to the Soviet Union, warned it would be a "grave error" if the Soviet Union were to assume that domestic considerations, such as the forthcoming presidential election, would in any way weaken the determination of the United States to support its current policy of firmness toward the Soviet Union. The United States also made it "unmistakeably" clear that, despite Communist propaganda to the contrary, it has "no hostile or aggressive designs whatever with respect to the Soviet Union." At the same time, the United States stated that as far as it was concerned, "the door was always open for full discussion and the composing of our differences." In its reply on May 9, the Soviet Union said that it was "in agreement with the proposal to begin ... a discussion of the differences existing between us."

When this confidential exchange was published on May 11 by the Moscow radio, it was rumored that a major shift was about to take place in United States policy. Especially were fears expressed in the Western European countries that the United States was attempting to seek a diplomatic settlement with the Soviet Union at their expense. President Truman immediately issued a public statement in which he said that the position expressed by the United States was merely a "reiteration" of United States policy designed to "avoid any misunderstanding in view of the character of the current propaganda statements." Secretary of State Marshall, in a public statement made following the President's, emphasized that the United States had "no intention" of entering into bilateral negotiations on matters relating to the interests of other countries.

United States intentions in the situation were again emphasized a few days later. Replying to an open letter from presidential candidate Henry Wallace, Premier Stalin of the Soviet Union, on May 17, suggested bilateral negotiations between the United States and the Soviet Union in order to achieve "peaceful regulation of differences" between them. This suggestion was also formally rejected by the United States the next day.

Following these exchanges, no lessening of Soviet pressure was apparent. Nor was there any less firmness on the part of the United States in meeting that pressure as it was applied in Korea, in the Atomic Energy Commission, in the Austrian negotiations and in Germany.

In Korea, Soviet attempts to force the United

States to recognize the Communist-controlled North Korea People's Committee led to a suspension on May 14 of the electric power supply from the northern zone. This action quickly followed the successful holding, despite Communist threats of violence and reprisal, of the elections in southern Korea on May 10. As a result of these elections, the Korean National Assembly convened in Seoul on May 31, and formally proclaimed the Republic of Korea.

The Atomic Energy Commission suspended its activities on May 17, after it had concluded that no useful purpose could be served by trying to carry on its work. A month later, on June 22, the Soviet Union used its twenty-sixth veto in the Security Council to block approval of a resolution under which the Council would have approved the conclusions of the Commission.

Unyielding Soviet support of the claims advanced by Yugoslavia for Austrian reparations and for Austrian Carinthia led to a breakdown late in May of the negotiations by the Deputies of the Council of Foreign Ministers for the Austrian peace settlement. The United States, supported by France and Great Britain, said that these claims were not justified and were contrary to previous agreements among the major powers. Therefore, on May 24, the United States refused to resume discussions of the Austrian treaty.

Soviet efforts to stop traffic to and from Berlin were intensified in May and June, especially after the successful conclusion on June 2 of the six-power conference on Germany held in London. That conference recommended the creation of an international authority, to be comprised of representatives of the United States, Great Britain, France, and the Benelux countries, for controlling the distribution of the coal, coke and steel of the Ruhr. The conference also recommended that a constituent assembly should be convened in the three western zones of Germany to draw up a constitution providing a federal form of Government for Germany. It was further proposed that the United States, Great Britain and France should enter into discussions of measures for co-ordinating economic policies and practices in their zones. Finally, security arrangements were proposed to ensure the continued disarmament and demilitarization of Germany. Both the United States and Great Britain announced their acceptance of the conference proposals on June 9, and Belgium, the Netherlands and Luxembourg followed on June 14. After some debate in the National Assembly, France accepted on June 17.

These plans of the Western Powers for Germany were violently denounced by the Soviet press and radio, and the foreign ministers of the Soviet Union and seven of its satellites met at Warsaw on June 23 and 24 to consult in the matter. At the end of their conference, they urged the completion of German demilitarization by four-power agreement, establishment of four-power control over the Ruhr, creation of a provisional democratic government for the whole of Germany by agreement of the four powers, conclusion of a peace treaty and withdrawal of the occupation forces in accordance with the Potsdam Agreement, and fulfillment of Germany's reparations obligations. They charged that the London conference aimed at the "liquidation" of the Council of Foreign Ministers and of the Allied Control Council.

Not all attention was focussed, however, during May and June on Soviet-American difficulties.

The situation in Palestine took a new turn when Great Britain relinquished its mandate over the territory effective May 15. The special session of the General Assembly on the Palestine situation adjourned on May 14 without having taken action on the United States proposal to create a temporary United Nations trusteeship. The Assembly did, however, call upon the five major powers to select a mediator for Palestine, and subsequently Count Bernadotte of Sweden was named to this post.

Upon the termination of the British mandate at midnight on May 14, the establishment of the new Jewish state of Israel was proclaimed, and the United States immediately extended de facto recognition to it. Almost simultaneously with the Jewish proclamation, the Arab League declared a state of war, and Arab armed forces immediately invaded Palestine.

With open warfare an actual fact in Palestine, the Security Council, on May 24, called upon the Arabs and the Jews to cease fire. Following extended negotiations by Count Bernadotte, the Arabs and Jews acceded to the Security Council's request and a four-week truce became effective on June 11.

Before the United States Congress adjourned shortly after the middle of June, it had approved several measures directly affecting United States foreign policy.

The Senate on June 11 adopted a resolution, sponsored by Senator Vandenberg, that declared the United States should attempt, by voluntary agreement in the United Nations, to remove the veto from all questions involving the pacific settlement of disputes. The resolution also endorsed the progressive development of regional and other collective arrangements for self-defense, and the association of the United

States with such of these arrangements as might be based on self-help and mutual aid.

The Congress also approved three separate measures to carry out some of the recommendations on national defense made by President Truman in his message of March 17. It increased the Air Force from 55 to 70 units, appropriated a record national defense budget of over \$10 billion, and re-established, for a temporary period, the draft for the armed services.

Efforts by the House of Representatives to reduce the amount of United States aid for the first year of the European Recovery Program were unsuccessful, and the Congress approved an appropriation in substantially the amount originally authorized. But in renewing the Reciprocal Trade Agreements Act of 1934, the Congress extended the Act for only one year, and placed the Tariff Commission in a position to report independently on tariff reductions.

Two developments occurred at the close of June that raised great questions regarding the future course of international events.

In an official communiqué published on June 28, the Cominform denounced Marshal Tito's leadership of the Yugoslav communists. Tito and his top aides were accused of having undertaken "an entirely wrong policy on the principal questions of foreign and internal politics." On the next day, the Central Committee of the Yugoslav Communist Party refuted the charges and defied the Cominform.

On June 23, Soviet military authorities placed a complete blockade on all rail traffic into Berlin. Consequently, on June 29, the United States inaugurated an air transport service in order to fly foodstuffs into its sector of the city after General Clay had previously declared that, "they can't drive us out by any action short of war as far as we are concerned." Further to emphasize the seriousness of the situation, British Foreign Minister Bevin in a statement to the House of Commons on the last day of the month flatly said that Great Britain would not "surrender" in the situation.

This issue of the Summary, the last in the first annual series, is produced in the new form and style of type that will be used in future issues. Also, its arrangement follows generally the arrangement of the problems in Part Two of the 1948-49 edition of the Study Guide, which will appear in September 1948. The new series of the Summary, to be entitled "Current Developments in United States Foreign Policy," will begin with the July-August 1948 issue, which will appear about the middle of September.

I. THE THREE GREAT POWERS

Developments during May and June in the relations among the three great powers--the United States, Great Britain and the Soviet Union--are generally covered later in this Summary in the sections pertaining to the specific areas or problems involved. For example, the account of the growing difficulties among them arising out of the Soviet blockade of Berlin is given in the section on Germany, while the events leading to the breakdown of the negotiations over the Austrian peace settlement are recounted in the section on that country.

This section of the Summary, however, includes the developments in the relations among the

three powers that are of a broad character. Among these are such events as the diplomatic exchanges early in May between the Soviet Union and the United States on the subject of a general settlement of all the broad issues of their relations. Also this section summarizes internal political and economic developments in each of them that affect their international positions, including the changes in their national military power.

Relations between each of the great powers and other countries are also covered in the later sections of this Summary that deal with the particular countries involved.

UNITED STATES

Many of the developments in May and June involved action by the Congress on a number of problems of United States foreign policy. Congressional action on measures affecting national military power are covered in this section. Action taken on other problems such as the question of the modification of the veto in the United Nations, appropriations for foreign aid, the renewal of the Trade Agreements Act, membership in the World Health Organization and the admission of displaced persons is summarized later.

BASIC AIMS

Diplomatic Exchanges With the Soviet Union

U.S. Ambassador Gen. Walter Bedell Smith, at his request and under instructions from Washington, held a formal diplomatic conversation with Soviet Foreign Minister Molotov in Moscow on May 4. The conversation began with a lengthy statement by Smith in which he first recalled his conversation with Premier Stalin and Foreign Minister Molotov in 1946 when he (Smith) warned of "the inevitable reaction of the American people to the continuance of a policy by the Soviet Government which would appear to have as its purpose the progressive extension of the area of Soviet power." Smith also recalled he warned that such an expansionist Soviet policy would inevitably lead to a "crystallization" of the non-Soviet areas of the world, and that the United States, as the strongest nation in the world community, would be "forced" to take a leading part in this movement and to divert a large portion of its energy for the maintenance of a military

establishment adequate to meet the "developing world situation." Then he declared:

"Unhappily the apprehensions I felt at that time have been realized. Since that date, Soviet policies in eastern Europe have produced the reaction which was predicted. The situation which has resulted is obviously one of great seriousness. The European community and the United States have become alarmed at the implications of Soviet policy, and are drawing closer together in mutual self-protection, but only in self-protection. It is for this reason that my government desires me to outline to you with complete clarity and frankness the position of the United States Government."

Charging that the Soviet press and other organizations under Communist control had "dangerously distorted" American intentions, Smith stressed that there were certain points which the United States Government wished to clarify so that no misunderstandings could arise.

The first was that United States policies on international questions had been made sufficiently clear "in recent months and weeks," and that "it would be a grave error if others were to assume that domestic considerations, such as the forthcoming elections, would in any way weaken the determination of the United States to support what it believes to be right. The American people have always known how to separate domestic and foreign policy at the proper moment." Furthermore, he pointed out that an economic "crisis" in the United States would not affect "in any way our basic productive capacity nor our concept of the basic

factors underlying our foreign policy" in the manner being prognosticated by Communist organizations.

As his second point, Smith said the United States wanted to make it "unmistakeably clear" that it has "no hostile or aggressive designs whatever with respect to the Soviet Union" and that assertions to the contrary were "falsehoods." He claimed that much of the United States foreign policy was a direct result of events precipitated by Communist minorities attempting "to seize power and to establish regimes subservient to foreign interests. Should these attempts cease," the Ambassador continued, "the necessity for some of the manifestations of United States foreign policy, which are apparently unwelcome in Moscow, would cease with them."

In conclusion, Ambassador Smith declared:

"We still do not despair by any means of a turn of events which will permit us to find the road to a decent and reasonable relationship between our two countries, with a fundamental relaxation of those tensions which today exercise so unhappy an influence on international society elsewhere. As far as the United States is concerned, the door is always wide open for full discussion and the composing of our differences."

No reply was made by Soviet Foreign Minister to U.S. Ambassador Smith's statement until May 9. Two days later the Moscow radio then broadcast a version of the text of Smith's statement to Molotov along with the latter's reply. This action was looked upon as a breach of diplomatic custom since the exchanges were to have been regarded as confidential.

In his reply, Soviet Foreign Minister Molotov said that the Soviet Government had "acquainted itself" with Ambassador Smith's statement and was "in agreement with the proposal to begin ... a discussion and settlement of the differences existing between us." He then added: "Together with this the Soviet Government considers it necessary to declare that it cannot agree with the U.S. Government that the cause of the present unsatisfactory state of Soviet-American relations and tension in the international situation is the USSR policy in Eastern Europe and the strengthening here of the Soviet Union's influence."

Molotov stressed that relations between his country and other European countries had improved considerably in the postwar period, and that the treaties of friendship and mutual assistance concluded between the Soviet Union and these countries were "directed exclusively

against the repetition of aggression on the part of Germany and its possible allies and which, contrary to the statement of the U.S. Ambassador in Moscow ... contain no secret protocols." The Soviet Minister said that it was well known and quite understandable that the United States was endeavoring to strengthen relations with various American nations and therefore, it was just as understandable that the Soviet Union should attempt to better relations with "neighboring and other countries of Europe."

The Soviet reply next proceeded to emphasize that the present unsatisfactory character of the international situation was the result of the following American policy:

"The creation of such a tense situation is encouraged primarily by the steps taken by the Government of the United States toward the still greater development of the network of military, naval and aircraft bases in all parts of the globe, and including territories neighboring on the U.S.S.R. What is more, the press and a number of official representatives of the United States ... declare outright that the creation of these bases aims at encircling the U.S.S.R. Such measures cannot be explained by interests of self-defense.

"Nor can it be passed over that the present atmosphere of international relations encourages all kinds of military threats against the U.S.S.R. and emanates from definite circles closely connected with the Government of the United States. ..."

Molotov then cited the recent military alliance of Great Britain, France, Belgium, Holland, and Luxembourg, allegedly sponsored by the United States, as not an alliance of just "self-defense" since it was not directed only against possible aggression from Germany, but could be directed against their allies of the Second World War as well.

It was said, in conclusion, that the United States statement, which "expressed readiness to encourage ... stabilization of conditions in the world which would correspond also to the interests of the security of the Soviet people," could only be welcomed by the Soviet Government and people who have "always pursued a policy of peace and co-operation toward the United States of America. ..." The Soviet Government also expressed hope "for the possibility of finding means of removing the existing differences and establishing between our countries good relations, which will correspond to the interests of our people as well as to the strengthening of universal peace."

On the same day, May 9, U.S. Ambassador Smith repudiated the charges expressed in the Soviet reply. Regarding the establishment of bases, the Ambassador reiterated that "the drawing together of the western European countries and the support which was being given them by the United States was a direct reflection of the apprehension and fears which had been aroused by the expansionist policy of the Union of Soviet Socialist Republics." He stressed that the United States "had seen repeated instances of Communist minorities coming into power by illegal means and against the will of the majority of the population" in Eastern European countries and "remained convinced that these minority coups d'état would have been quite impossible without the moral and physical support of the Union of Soviet Socialist Republics."

Publication of these notes was immediately followed by widespread speculation in the press and on the radio whether the views expressed in them portended a major shift in United States foreign policy. Especially was it believed that there was a new willingness on the part of the United States to enter into bilateral negotiations with the Soviet Union on major issues. Some fears were expressed in Western European circles that such negotiations might be at the expense of these nations.

On the same day (May 11) that the Moscow radio published these exchanges, President Truman issued a public statement in which he declared that Ambassador Smith's statement of the 4th represented "no new departure in American policy," but was merely "a reiteration of the American position" designed "to set forth as clearly as could be expressed the policies and purposes of the United States with regard to the Soviet Union, and thus avoid any misunderstanding in view of the character of the current propaganda statements."

The following day, U.S. Secretary of State Marshall restated President Truman's explanation of the United States message, and added that Ambassador Smith "did not ask for any general discussion or negotiation." The Secretary emphasized that the U.S. Government had "no intention of entering into bilateral negotiations with the Soviet Government on matters relating to the interests of other governments," and that the "discussion of any proposals in regard to outstanding issues which the Soviet Government may have in mind, must, as a matter of course, be conducted in the body charged with responsibility for these questions. What we want is action in the fields where action is possible and urgently necessary at the present time."

Listing the various issues over which "difficulties have arisen and stalemates generally resulted," he warned that it would be harmful to the international situation "if an attempt were made to sit down at a table and enter into general discussions and have the discussions result in failure to reach agreements, or result in disputes over the obligations which might be undertaken in such agreements."

British Foreign Secretary Bevin appeared before the House of Commons on the same day (May 12) and supported Secretary Marshall's statement. He pointed out that he was "not anxious to enter into further conferences until the ground [had] been cleared. I have had too many failures." Bevin, emphasizing that Great Britain had not been "holding up the peace," said: "All I want is peace ... but I can't get peace in the world if I have to ask the Western powers and powers in other parts of the world to sacrifice their principles and their spiritual beliefs to fit in with something with which they do not agree." He charged that all peoples of the world wanted peace, and that it was only "the Communists who stand in the way."

The following day, (13th), President Truman stated that his hopes for peace, which had been shaken in March as a result of the communist coup d'état in Czechoslovakia, had not been increased by the Soviet Union's present willingness to discuss differences, since fundamental issues had not been touched upon.

In the succeeding days, there was strong Soviet criticism of Secretary Marshall's statement that Ambassador Smith "did not ask for any general discussion or negotiations," and that the U.S. Government had "no intention of entering into bilateral negotiations with the Soviet Government on matters relating to the interests of other governments." On May 16, IZVESTIA asserted that "attempts of U.S. official circles to convince world public opinion that it did not correctly understand the meaning of Smith's statement, were awkward and unconvincing."

In the meantime, Henry A. Wallace, third party presidential candidate, had issued an open letter to Soviet Premier Stalin on May 11 in which he said that "although the notes of Ambassador Bedell Smith and Foreign Minister Molotov are both characterized by the same self-righteousness which has led to the international crisis, they represent great hope to those of us who have consistently maintained that peace is possible, and they represent a severe blow to the propagandists on both sides who have insisted that the two nations cannot live in

peace in the same world." Wallace contended that representatives of both countries must meet, and presented an agenda on which he believed the United States and the Soviet Union should take definite action to "end the cold war" and "achieve the Century of Peace."

The letter listed the following six objectives: (1) reduction of armaments and outlawing means of mass destruction; (2) the end of the export of weapons from any one nation to any other government; (3) the resumption of unrestricted trade, except for military goods; (4) the free movement of citizens, newsmen, and students between and within the two countries; (5) the free exchange of scientific information; and (6) the establishment of a United Nations agency for relief distribution. In conclusion, Wallace wrote: "There is no misunderstanding or difficulty between the United States of America and the Union of Soviet Socialist Republics which can be settled by force or fear and there is no difference which cannot be settled by peaceful, hopeful negotiations. ..."

A week later (17th) Premier Stalin replied to the Wallace communication. Stalin stressed that the letter could not be considered as just a "simple declaration of a wish for the betterment of the international situation ... the peaceful regulation of differences between the USSR and the USA ... the investigation of ways for such regulation. The important significance of the open letter consists in the fact that it does not limit itself to declarations, but goes further, makes a serious step forward and gives a concrete program for peaceful regulation of differences between the USSR and the USA."

Stalin said that one could agree or disagree with Wallace's proposal, but that one thing was indubitable, that any government leader, who had the interests of peace and co-operation at heart, could not overlook this program since it "reflects the hopes and strivings of peoples to the strengthening of peace and undoubtedly will have support on the part of many millions of 'common people'." In conclusion, the Soviet Premier declared:

"I do not know, whether the U.S. Government approves of Mr. Wallace's program, as a basis for agreement between the USSR and USA. As far as [our] Government is concerned, it considers that Mr. Wallace's program could serve as a good and fruitful basis for such agreement and for the development of international co-operation, because the USSR Government considers that, despite the difference of economic systems and ideologies, the co-existence of these systems

and peaceful regulation of differences between the USSR and the USA are not only possible, but absolutely necessary in the interests of general peace."

The next day (May 18) the U.S. Department of State announced its rejection of Stalin's suggested basis for bilateral negotiations. The Department commented that the Soviet Premier's view that pacific settlement of outstanding issues was possible and essential for peace was "encouraging," but said that the specific problems were of "intimate and compelling interest to many countries, and have been under negotiation for the past two years or more in bodies where other countries were represented, such as the United Nations and the Council of Foreign Ministers." In this connection, the Department also released a list of 11 specific problems that have been the subject of such negotiations over the past two years. Among these were included the reduction of armaments, atomic energy, the German and Japanese peace settlements, the evacuation of troops from China and Korea, and international trade.

Secretary of State Marshall said on the 19th that the sincerity of the Soviet Union's desire for international co-operation would be determined by its behavior in various bodies where negotiations were taking place, and where progress had been hampered by Soviet opposition. The Secretary emphasized that the world needed constructive and remedial action, especially on issues before international organs. However, he conceded that there were minor questions concerning world affairs, which could be discussed between the two nations, but stressed that they referred directly to United States-Soviet relations. He argued, however, that even here the Soviet Union could demonstrate its sincere willingness to co-operate. In conclusion, Marshall supported the Department's statement of the previous day to the effect that no bilateral negotiations could be considered on international problems.

TASS, the official Soviet agency, immediately objected to the Department of State pronouncement, asserting that the opposition of the United States to bilateral talks had evoked "surprise" in the Soviet Union. The communiqué declared:

"This position of the State Department is in complete contradiction to the U.S. Government statement of May 4, where the possibility of bilateral negotiations was ... assumed as something understood, for otherwise the U.S. Government would not have considered it possible to make a statement to the Soviet

Government about the desirability of settling questions of difference."

Three days later (22nd) TASS again issued an "authorized" statement, this time in answer to an eleven-point statement of the Department of State on the 19th regarding Soviet-United States differences. The news agency declared:

"... The State Department asserts it is impossible to adopt an agreed decision because of the non-complaint attitude of the Soviet Government. The facts refute this assertion. Everyone knows that under the Roosevelt Government the most difficult international problems were settled in accord and unanimity by the United States, the U.S.S.R. and Britain. ... What has changed since is that the attitude of the Government of the United States has changed. ..."

U.S. Department of State Counselor Bohlen charged on the 26th that two sentences in Ambassador Smith's statement of the 4th--which clearly showed that the United States was not proposing bilateral negotiations--were omitted in the Soviet release.

Speaking in Portland, Oregon on the 28th, Secretary of State Marshall had reiterated Bohlen's charges of Soviet distortion of the exchanges. He said the United States was "faced with a deliberate, a cynical propaganda campaign to offset a sincere effort on our part to seek a basis for negotiations."

The following day (29th) the Foreign Relations Committee of the Senate released a summary of specific violations by the Soviet Union of the principal international agreements on postwar peace settlement in Europe and the Far East. The summary, prepared by the Department of State in answer to a group of 31 senators who had sent a resolution requesting such information, charged the Soviet Union with 37 instances of disregard of accords relating to Germany, Austria, Poland, Hungary, Bulgaria, Rumania, Korea, and Manchuria. Since the purpose of the resolution--to make public the detailed differences--had been met, the Senate Committee recommended that further consideration of the matter be postponed indefinitely.

President Truman on Soviet Intransigence

President Truman, speaking in Berkeley, California, on June 12 declared that peace still eluded the grasp of the United States largely because of "the attitude of one nation--the Soviet Union." The President pointed out:

"Long before the war, the United States established normal diplomatic and commercial relations with the Soviet Union. In doing so, we demonstrated our belief that it was possible to get along with a nation whose economic and political system differs sharply from ours. During the war, we worked with the Soviet Union wholeheartedly in defeating the common enemy. ... We hoped that the Soviet Union, secure in her own strength and doubly secure in the respect of her allies, would accept full partnership in a peaceful world community."

Then, after declaring that "the record...is clear for all to read," the President said:

"The Soviet Government has rejected the invitation to participate, freely and on equal terms, in a great co-operative program for the reconstruction of Europe. It has constantly maneuvered for delay and for propaganda effect in every international conference. It has used the veto excessively and unreasonably in the Security Council of the United Nations. It has boycotted the 'Little Assembly' and several special United Nations commissions. It has used indirect aggression against a number of nations in Eastern Europe and extreme pressure against others in the Middle East. It has intervened in the internal affairs of many other countries by means of Communist parties directed from Moscow.

"The refusal of the Soviet Union to work with its wartime allies for world recovery and world peace is the most bitter disappointment of our time. The great issues of world peace and recovery are sometimes portrayed as disputes solely between the United States and the Soviet Union. This is not the case. ... We are not engaged in a struggle with the Soviet Union for any territory or for economic gain. ... The cleavage that exists is not between the Soviet Union and the United States. It is between the Soviet Union and the rest of the world. ...

"The United States is strongly devoted to the principle of discussion and negotiation in settling international differences. ... But there are ... things which are not susceptible to negotiation. There is nothing to negotiate when one nation disregards the principles of international conduct to which all members of the United Nations have subscribed. There is nothing to negotiate when one nation habitually uses coercion or open aggression in international affairs. What the world

needs in order to regain a sense of security is an end to Soviet obstruction and aggression."

President Truman gave two illustrations of this point: the situation in Greece and that in Korea, and said that in each instance the Soviet Union could prove its desire to contribute to peace and recovery in the world on its own initiative. The President continued:

"What is needed is a will for peace. What is needed is the abandonment of the absurd idea that the capitalistic nations will collapse and that instability in international affairs will hasten their collapse, leaving the world free for communism. ... I have said before and I repeat now: the door is always open for honest negotiations looking towards genuine settlements. The door is not open, however, for deals between Great Powers to the detriment of other nations or at the expense of principle. ..."

INTERNAL POLITICAL DEVELOPMENTS

Presidential Campaign

The Republican National Convention which opened in Philadelphia on June 21, adopted unanimously on the 23rd a platform that committed the Republican party to a strong foreign policy program, to extensive domestic legislation, and to vigorous efforts to defeat Communism.

On foreign policy, the platform declared in part:

"... With neither malice nor desire for conquest, we shall strive for a just peace with all nations. ... Within the prudent limits of our own economic welfare, we shall cooperate, on a basis of self-help and mutual aid, to assist other peace-loving nations to restore their economic independence and the human rights and fundamental freedoms ... upon which dependable peace must build. We shall insist on businesslike and efficient administration of all foreign aid.

"We welcome and encourage the sturdy progress toward unity in Western Europe. ...

"We believe in collective security against aggression and in behalf of justice and freedom. We shall support the United Nations as the world's best hope in this direction, striving to strengthen it and promote its effective evolution and use. The United Nations should progressively establish international law, be freed of any veto in the

peaceful settlement of international disputes, and be provided with the armed forces contemplated by the Charter. We particularly commend the value of regional arrangements as prescribed by the Charter; and we cite the Western Hemispheric defense pact as a useful model.

"We shall nourish these pan-American agreements in the new spirit of cooperation which implements the Monroe Doctrine.

"... Subject to the letter and spirit of the United Nations Charter, we pledge to Israel full recognition, with its boundaries as sanctioned by the United Nations and aid in developing its economy.

"We will foster and cherish our historic policy of friendship with China and assert our deep interest in the maintenance of its integrity and freedom.

"We shall seek to restore autonomy and self-sufficiency as rapidly as possible in our postwar occupied areas, guarding always against any rebirth of aggression.

"We shall relentlessly pursue our aims for the universal limitation and control of arms and implements of war on a basis of reliable disciplines against bad faith.

"At all times safeguarding our own industry and agriculture, and under efficient administrative procedures for the legitimate consideration of domestic needs, we shall support the system of reciprocal trade and encourage international commerce."

The convention nominated Governor Dewey of New York as its candidate for the presidency by a unanimous vote on June 24, and at its final session on June 25, the convention selected Governor Earl Warren of California as Republican candidate for the vice-presidency. In accepting the nomination, Dewey promised his support of the party platform and added a plea for unity "above and beyond politics," in order to gain freedom for the world.

Following adjournment of the convention, Governor Dewey told newsmen that he still held the same views on China as he had expressed in December 1947. He said that one of his principal aims when in office would be to aid in the establishment of a free government for China, adding that the United States should provide "military advisers, the kind of material the Chinese need, and far greater financial assistance." Dewey also said that he was strongly in favor of mutual defense and co-operation with Latin America. When asked for his views on relations with the Soviet Union, he observed that he was "opposed to personal diplomacy, which always fails."

INTERNAL ECONOMIC DEVELOPMENTS

Labor Unrest

Labor trouble in several key industries during May and June threatened to affect vitally the international position of the United States.

A nation-wide strike of three railroad brotherhoods was prevented by a Presidential order of May 8 placing the railroads under government control. Negotiations between the government, railroad officials, and the unions took place, with periodic breakdowns, in the ensuing weeks, but as the month of June ended, no progress had been reported.

Meanwhile, a dispute between the Atlantic and Gulf Coast steamship operators and three CIO maritime unions was threatening to tie up east coast shipping, and on June 4, President Truman appointed a fact-finding board to investigate the situation. The board reported on the 12th that the basic cause of the dispute was the effect of the closed shop provisions of the Taft-Hartley Act on established practices of hiring men through the unions. By this time, the conflict had assumed nation-wide proportions and a strike of all maritime unions was threatened for June 15. President Truman therefore authorized the Department of Justice to seek an injunction to prevent the walkout, and a restraining order was issued on June 14. No settlement had been reached as the month ended.

As the coal contract was due to expire on June 30, 1948, coal mine operators and union members met to discuss revision of its clauses on May 18. It was not until June 26, however, after the government had intervened and the courts had decided in favor of the miners on a question involving payment of pensions, that agreement was reached. On this date, the United Mine Workers and the commercial coal operators signed a one year contract under which the miners obtained a wage increase and an increase in operators' payments into the miners' welfare fund.

NATIONAL MILITARY POWER

Atomic Weapons Tests

The White House issued a statement on May 17 which declared that the secret tests of three "improved" atomic weapons held in the Pacific on April 19 were "successful in all respects," and that the results "indicate very substantial progress." It was reiterated that "information as to the scientific results and the technical details of the tests" could not be made public,

and that "the area of the proving ground... remains closed to unauthorized persons."

In Honolulu on the 18th, Lieut. Gen. John E. Hull said of the operation:

"The tests of Operation Sandstone were literally and truly field laboratory tests designed to determine how bombs now under development by the United States would work and to determine their efficiency. ... It can be said ... that the bombs worked. We have proved the weapon development work done by the Los Alamos Scientific Laboratory during the past two years."

Expansion of Air Force

The Senate, by a vote of 74 to 2, passed on May 6 an appropriations measure--essentially the same as the House bill of April 15--allocating \$3.198 billion to increase the Air Force from 55 to 70 units. The desired goal, the Chairman of the Senate Appropriations Committee explained, was expansion of aircraft production until 1952, when it would be levelled off at 5,200 planes annually.

A Senate-House conference committee on May 10 allocated \$1.473 billion for strengthening both the Air Force and air section of the Navy, in addition to \$822 million of contract authorizations destined to modernize the air power. A total of \$3.198 billion, including expenditures for both aircraft and guided air missiles, was endorsed by the conferees. The following day (11th) both the Senate and House of Representatives approved the measure.

President Truman signed the bill on May 21 and issued a statement declaring:

"Congress has seen fit to provide \$822,000,000 beyond the amount which I considered necessary in submitting my request for the acceleration of the program. Provision is made, however, that the funds shall not be spent without a finding by the President that the 'contracts let are necessary to the national defense' and that the procurement results in the 'maximum utilization of improvements in aircraft and equipment consistent with the defense needs of the United States.' ... It is therefore my intention to carry out the provisions of the present act with this in mind."

Increased Defense Appropriations

President Truman on May 13 asked Congress for a supplemental appropriation totaling \$2.434 billion for the 1949 budget of the National Mili-

tary Establishment. This request was in addition to the funds already approved by Congress earlier in the month for the Air Force. In a letter to House Speaker Martin giving the estimates of appropriations, the President declared:

"... These estimates and estimate of \$725,000,000 for aircraft procurement submitted on April 8, 1948, represent increased military requirements to carry out purposes indicated in my address to Congress on March 17, 1948.

"This program raises many questions as to the effect on national economy. Military strength is dependent on a strong economic system and a strong industrial and productive capacity, and whenever increases in military strength are being considered, effect on national economy must be weighed. I have therefore informed the Secretary of Defense of my desire to review the entire military program in September and again in December in order to arrive at a level of expenditures for a national military establishment which can be supported on a sound basis in the subsequent year."

On June 2, the House Committee on Appropriations reported a record peacetime armed services defense budget of over \$10 billion in cash and contract authorizations. Approximately \$6.5 billion was approved by the House for the Army and the Air Force by a vote of 348 to 2, following upon less than two hours of debate. The following day, the House approved by a voice vote a \$3.7 billion appropriation bill for the Department of the Navy. These bills were sent immediately to the Senate. The Senate on June 17 approved a \$6.9 billion spending program for the Army, Air Force and related defense agencies, and a \$3.7 billion appropriation bill to maintain and expand the Navy and Marines during 1949. President Truman signed both appropriation bills on the 24th.

Selective Service Legislation

The House Armed Services Committee approved, on May 3, a bill covering peacetime draft of men 19 through 25 years of age for two years of active service. Although Secretary of Defense Forrestal and Secretary of the Army Royall supported the bill and urged prompt passage by the House, they indicated that they preferred legislation being studied by the Senate Armed Services Committee, which incorporated a modification of universal military training.

The Senate Armed Services Committee, on May 11, approved a bill whereby eighteen-year-old males would be subject to one year's training as future reserves and men from 19 through 25 years of age would be eligible for two-year temporary draft. The Senate finally began consideration of the bill on June 3, and within 24 hours it had eliminated from the bill, without a dissenting vote, the provision for compulsory military training for eighteen-year-old youths, and had approved instead a plan under which about 160,000 of this age could volunteer for one year of domestic training and service as future reserves. In the course of debate, the Senate rejected six amendments, each of which sought to have written into the bill a statutory command against racial discrimination in the armed services. On June 8, the Senate voted 43 to 33 an amendment to the bill to authorize the United States Army to enlist, during the next two years, up to 25,000 qualified aliens abroad. These alien volunteers would be eligible for United States citizenship after five years of military service. By a vote of 78 to 10, the Senate passed the bill on the 10th and sent it to the House.

The House Committee on Rules decided on June 14 to allow the whole House to vote on the stop-gap draft bill, thus ending its efforts to withhold the measure from the floor of the House. The House began consideration of the bill on the same day, and on the 18th adopted (by a vote of 283 to 130) a peacetime draft bill designed to raise the strength of the armed forces to 2 million men, through the induction for one year of men 19 to 25 years of age beginning on February 1, 1949, and only then if a recruiting drive failed to fill quotas. The House also agreed to allow any prospective inductee to become exempt from the draft by signing up, at any time before his actual call, in the National Guard or any other recognized active reserve unit for six years of periodic training.

The bill was immediately sent to a Senate-House conference committee. It evolved a compromise bill under which it was provided that: (1) men from 19 through 25 can be drafted for 21 months of service with the Army, Navy, Marines, or Air Force; (2) up to 161,000 eighteen-year-olds may volunteer for one year of service with the regular forces; (3) no one can be inducted for 90 days after the bill becomes effective; (4) the over-all manpower strength of the armed forces is raised to 2,005,882--Army, 837,000; Navy and Marines, 666,882; Air Force, 502,000; (5) most veterans of World War II are exempt; (6) the President can seize plants and factories that fail to fill

armed service orders at a fair price; and (7) the national selective service organization is re-established. Both the Senate and the House approved the compromise on June 19 despite great efforts by Representative Marcantonio of New York in the House and by Senator Taylor of Idaho in the Senate to block final action on the

bill. President Truman signed the measure on the 24th without comment.

Army Secretary Royall stated on June 28 that induction of men in the nineteen-to-twenty-five age brackets would probably begin late in September. He said that calls would probably go to 225,000 to 250,000 men.

GREAT BRITAIN

Termination of the mandate over Palestine on May 15, and the withdrawal of British troops from that country by the end of June was a major development in British policy that vitally affected the United States. An account of these events, along with the related ones involving action by the United Nations General Assembly and the Security Council in the situation, is given later in this Summary in the section that deals with developments in the Palestine situation.

BASIC AIMS

Bevin's Statement of British Policy

British Foreign Secretary Bevin gave a broad review of British foreign policy in the House of Commons on May 4. It was the first such comprehensive statement of the Government's policy since January 22. In it, Bevin dealt with the progress that had been made on the European Recovery Program, the Western European Union, Germany, Austria, Italy, the British Commonwealth, the Soviet Union, Palestine and the Middle East, and the Far East. Pertinent portions of his remarks on these problems are contained in the relevant sections of this issue of the Summary.

In regard to the major problem of an effective world-wide search for security Bevin said:

"The organization of all the Western European democracies, excellent and necessary though it is, in present circumstances can hardly be accomplished save within the framework of some even larger entity. I am not content to confine either propaganda or speeches or action to the assumption that Western Europe alone can save itself.

"The House will have noticed in this connection a remarkable speech by the Canadian Minister of External Affairs, Mr. St. Laurent. Mr. St. Laurent pointed to the eventual constitution of some world-wide system of regional defense arrangements based essentially on Article 51 of the Charter

of the United Nations. For my part, I agree that nothing could so successfully reinforce the Charter as a world-wide system such as he proposes, for the United Nations might then rest surely on various regional pillars; and, if this fact was clearly recognized by all concerned, it might then be that increased co-operation would result. Regionalism of this kind might indeed be found to be the very solution for which we have been seeking for so long in the field of collective security. By removing the fear of attack on the part of some smaller powers, it might eventually diminish the threatened division of the world into two hostile halves.

"In this connection, however, we cannot wait to overcome every opposition. For the part of His Majesty's Government, we must proceed to develop and unite with those with whom and where we can unite. In the end, we hope that others will join in. I am sure that in this connection we have started in the right way. I believe that efforts to increase the pace, far from resulting in greater European unity, may result only in greater European friction.

"We are dealing with our partners on the basis of complete equality, and anyone who comes into the scheme, either on the Western European basis or ultimately on a regional basis, must be treated on terms of absolute equality. None of them, not even the smallest, is in any sense a satellite to be dominated by others. More drastic methods might, on a short term view, yield quicker results, but I am afraid that they might be temporary.

"Experience as a result of the last war has shown that a free association of peoples will hold together in good times and in bad, and that on this edifice we can build a structure that will weather the worst of storms. No coup or attempt to use parties, or any other means to gain power to make those people satellites, will in my opinion ultimately survive. Only a free association, in common recognition of equality of great and small, voluntarily coming together and accepting responsibilities, will in the end give the world the security which we desire."

INTERNAL POLITICAL DEVELOPMENTS

Reform of the House of Lords

It was announced on May 4 that discussions between Ministers and other party leaders on the reform of the House of Lords had ended in failure. The government issued a White Paper explaining the reasons for the breakdown.

A bill had been introduced early in the current parliamentary session to reduce from two years to one the period during which the House of Lords might delay enactment of legislation approved in the lower house. The measure had passed the House of Commons, but was strongly opposed in the Lords.

Debate in the upper house had shown that the peers were willing to consider reform of the composition of the House of Lords but, in common with Conservative members of the lower house, were unwilling to accept the limitation of its powers proposed in the government bill.

On June 9, the House of Lords rejected the Parliament Bill on second reading by 177 votes to 81. At a meeting preceding the House of Lords' action, which was attended by the Prime Minister, the Parliamentary Labor party resolved that, if the second reading in the Lords were not carried, the government would not, "without further reference to the party, enter into further negotiations on the powers and composition of the Second Chamber."

Labor Party Conference

The annual conference of the Labor party was held at Scarborough from May 17 to 21. Satisfaction was expressed with the accomplishments of the government over the preceding three years. Some Labor members demanded greater speed in nationalization and democratization of industry, and there was considerable criticism of the government's foreign policy.

Herbert Morrison, Lord President of the Council and chairman of the Labor Party Policy Committee, who addressed the meeting on the opening day, pointed out that in the next Parliament time would be required for discussion of government administration and conduct of the great nationalized industries, as well as new legislation. Consequently, the new Labor party program would have to be of a different character and in a different tempo from the last. It would have to embody in it provision for consolidation of advances made and the "tuning up" of administrative organization and the economic machine.

British Foreign Secretary Bevin replied on the 20th to attacks on the government's foreign policy. The opposition had charged that the policy being pursued would lead to war, and had urged adoption of a policy of independence from the United States and closer collaboration with the Soviet Union. Bevin reiterated in large measure the statements he had made in his speech in the House of Commons on May 4. He said that British endeavors to bring the western nations into a closer union were based on the realization that there could be no reconciliation between the Soviet theory of living and that of the democracies. Bevin said that he would not try to force changes upon the Soviet Union, but he was equally determined that the Soviet Union should not impose communism on a weakened Europe. He expressed the opinion that war was not inevitable, but that the danger of war arose from Soviet provocation.

Bevin defended British acceptance of the American offer of aid through the Marshall plan by pointing out that without it the British people would have had to lower their standard of living. He declared, however, that American assistance alone was not enough and said that only by associating the Commonwealth and British overseas territories with the skill and productive capacity of the West could the balance-of-payments problem be solved and a continually rising standard of living be assured.

After emphasizing once more the necessity of proceeding step by step, Bevin asserted that there could be no disarmament and no confidence until the nations of the world committed themselves to collective security. However, he continued, it was necessary in the meantime to develop regional pacts, open to everyone who wished to join, a policy that would lead ultimately to collective security.

INTERNAL ECONOMIC DEVELOPMENTS

Price Freeze

On May 3, an order came into effect fixing prices of nearly all manufactured goods at the December/January level. Exceptions included such items as jewelry, books and newspapers, automobiles, tobacco and liquor. (Food prices are already controlled). The price freeze is to remain in force until manufacturers and distributors produce their own plan for reduction and stabilization of prices and profits. Consultations for this purpose have already begun. Penalties up to two years in prison and fines of \$2000 are provided in the new regulations for violation of the price control order.

Progress in Nationalization of Industry

Emanuel Shinwell, Secretary of State for War and chairman of the Labor party, said on May 2 that there had been "far too little detailed preparation in the formulation of schemes of nationalization." He referred especially to the difficulties he had encountered as Minister of Fuel and Power in framing legislation for nationalizing the mining industry, and warned: "We must be extremely careful that these difficulties do not ultimately succeed in destroying the whole conception and making it impossible to proceed farther in the direction of nationalization. ... Nationalization as a principle in relation to particular industries and services is so important and particularly in relation to Labor's policy that we cannot afford to have any nonsense about it."

The National Coal Board announced on May 13 that it had appointed one of its members (Sir Robert Burrows) to head a committee to "take stock of the position reached in the development of the board's organization and advise the board whether any improvements can be made."

Concurrently with this announcement, it was disclosed that Sir Charles Reid, one of the Board's two production members, had resigned.

In a statement on his resignation, Reid pointed out that he "now [believed] that State ownership of the industry [was] necessary to achieve full technical reconstruction," but he declared that "without the most radical alteration from the Coal Board downwards, both in regard to type of control and personnel, the nationalization of the mines will prove a disastrous failure." Reid also expressed dissatisfaction with the failure of the Board to set up "a full, impartial investigation" into the entire organization of the industry by "competent, independent persons."

In contrast to the dissatisfaction with coal production figures, expressed by members of the National Coal Board, was the satisfaction of the steel industry with its output. It was announced on May 9 that the monthly production record had been broken for the fourth time in 1948, bringing the average annual rate for the first four months of the year to just over 15 million tons, one million tons above the target that had been set. "The high level of steel production," the British Iron and Steel Federation observed, "reflects the continued success of the home scrap drive. The record rate of home scrap collection has at last checked the fall in stocks of scrap and pig iron."

A few days earlier, however, the Iron and Steel Federation had warned that this production

record could not be maintained unless the government took steps to "implement the program for imported scrap and coke supplies." The Federation complained of a "serious shortfall below the planned export of German scrap, which is embarrassing steel production here and leading to stock depletion," while at the same time a new element of competition had been introduced into the iron ore market by "facilities ... being offered by the [German] Joint Economic Control Commission for the purchase in dollars of substantial tonnages of imported iron ore for use in Germany."

Export Guarantees

The Government introduced into the House of Commons on June 19 a new Export Guarantees Bill, the object of which was to assist the expansion of export trade. The main provision of the bill would increase from £200 million to £300 million the maximum sum at the disposal of the Board of Trade for the provision of guarantees against losses on export transactions. These guarantees are given against a premium paid by the exporters and, as the premiums have in the past covered the total amount claimed, it was not anticipated that the increase in the Board's liability would result in any cost to the Exchequer.

Dockworkers' Strike

An outlaw strike of London dockworkers began on June 14, following disciplinary action against 11 workers. Within two weeks, 19,000 out of a total of 25,000 men had walked out, a sympathy strike had begun in Liverpool, and similar strikes were threatening in other areas.

On the 28th the King proclaimed a "state of emergency" throughout the nation, thus bringing into force the Emergency Powers Act of 1920, which gave the government wide authority to take steps to maintain order and maintain communications facilities for the distribution of food and other vital commodities. Prime Minister Attlee declared the same day that "a small nucleus who [had] been instructed for political reasons to take advantage of every little disturbance" was responsible for the situation and he warned that "where the food of the people and the economic life of the country is endangered [the government] must use all means at its disposal to safeguard them."

The following day (29th), London's dockworkers voted to end the unofficial walkout and return to work immediately. The estimated loss to the nation resulting from the work stoppage was said to be about \$160 million.

SOVIET UNION

The disciplinary action taken in June by the Cominform, under Soviet leadership, against Marshal Tito and other Communist leaders in Yugoslavia is not recounted in this section. Instead, the account of this development is given later in this Summary in the section dealing with events in Yugoslavia. Similarly, the Warsaw meeting of the foreign ministers of the Soviet Union and its satellites on the question of Germany, which occurred in June, is covered later in this Summary in the section on Germany rather than being covered in this section.

BASIC AIMS

Bulganin Speech on May 1

Moscow officially celebrated the 1st of May, the so-called "international holiday of workers," with an hour-long military display. The Soviet Minister of Armed Forces, Marshal Bulganin delivered the opening speech, in which he praised the nation for the progress made in reconstruction during the first two years of the Stalinist postwar Five-Year plan. "Successfully realizing the great task of construction of communism in our country," the Marshal said, "the Soviet people, as before, are deeply interested in a long and secure peace." He declared:

"The Soviet Union was and remains the adherent and untiring fighter for a just, democratic peace. The Soviet Union always stood and stands for peace-loving and equitable relations between all nations, regardless of whether they are large or small. Of this concretely speak the treaties of friendship, collaboration and mutual assistance concluded by our Government with Czechoslovakia, Yugoslavia, Poland, Rumania, Hungary, Bulgaria and Finland. Of the peace-loving policy of the Soviet Government, the further reduction of the number of our Armed Forces, conducted in the current year, are evidence. ...

"[This] policy of the Soviet Government meets opposition on the part of international imperialists, who are carrying on unbridled

war propaganda, building military blocs, increasing armaments and disrupting fulfillment of peace treaty and agreement obligations."

Asserting that the achievements of the country were great, the Minister stressed that the tasks which lay ahead were just as great. He urged increased tempo of production industrially as well as agriculturally, advance of knowledge, techniques, and culture, and the "development and strengthening ... of clean Soviet patriotism and determination to struggle with the survivals of capitalism in the conscience of people. Soviet warriors, called upon to stand on guard of our Motherland's state interests, must untiringly perfect their military mastery on the basis of Soviet military knowledge and contemporary techniques."

INTERNAL ECONOMIC DEVELOPMENTS

New Government Loan

The Soviet Ministry of Finance declared on May 9 that the third "voluntary" postwar state reconstruction loan of \$4 billion had been oversubscribed. It featured lottery chances rather than the usual interest payments plan.

NATIONAL MILITARY POWER

Military Preparedness

During the anniversary observance of V-E Day on May 9, Maj. Gen. Nikolai Talensky (writing in PRAVDA) declared that the Soviet Union's "modern, first-class army" had worked out "strategy and tactics far superior to the bourgeois theories of tank and air war, total war, and blitzkrieg." Another high Army official pointed out that the Soviet Union was prepared to give her enemies "a long, hard fight" if they forced war upon it.

The Moscow Radio reported on May 27 that the Soviet Society for Air and Chemical Defense had been reorganized into army, navy, and aviation units, with bureaus established for each section for recruitment purposes.

II. UNITED NATIONS SYSTEM

The developments in the United Nations system are, for the purpose of this Summary, grouped into two broad categories. First are those related to the maintenance of peace and security, which involve action by the General Assembly, the Security Council, the Interim Committee of the Assembly, the Atomic Energy Commission, the Commission for the Regulation of Conventional Armaments or the Military Staff Committee. The second category covers economic, social and humanitarian activities in the promotion of the general welfare, which involve action by the General Assembly, the Economic and Social Council and its subsidiary commissions and agencies, or the Trusteeship Council.

As is indicated below, however, accounts of developments on some general international problems, with which the United Nations and its related specialized agencies are concerned, are given later in this Summary.

United States Loan for U.N. Headquarters

The Senate Committee on Foreign Relations voted unanimously on June 15 reporting a bill that would authorize the President to carry out the loan agreement between the United States and the United Nations to provide a \$65 million interest-free credit for the building of United Nations headquarters in New York City. Under the terms of the Senate measure, the Congress would have to vote an appropriation before this agreement could be implemented. A pending House of Representatives provision--part of the Eaton "omnibus" bill--sought to furnish an initial \$25 million advance on the first year's construction. The Senate Committee urged

favorable action for the sake of "United States prestige and leadership."

Secretary of State Marshall met in closed session with the House Committee on Foreign Affairs on the 17th, and urged passage of this legislation before the adjournment of Congress. The next day (18th) the Senate authorized the loan in the form of a joint House-Senate resolution to enable the House to act on it as a separate legislative item, without consideration of the whole "omnibus" bill. Provision was made for a noninterest bearing loan repayable in installments--beginning in 1951 and extending through 1982. An amendment was approved providing a \$25 million advance from the Reconstruction Finance Corporation that would enable the immediate start of construction. However, the House Foreign Affairs Committee chairman was unable to bring up for floor action his "omnibus" bill that contained the loan provision, nor was the resolution of the Senate acted upon separately before Congress adjourned.

President Truman was urged on June 21 by Representative Sol Bloom of New York "to call a special session of the Congress as soon as possible to consider the loan and other essential matters that were left unfinished by the adjournment of Congress." United Nations Secretary-General Lie said on June 23 that unless the Congress passed the loan legislation at a special session this year, construction of the headquarters would be delayed one or two years. Lie asserted that he would have to report his failure to get the money to the General Assembly scheduled to meet in Paris in September, which would probably reopen the whole question of the location of the headquarters.

MAINTENANCE OF PEACE AND SECURITY

The special session of the General Assembly, called in April to consider the situation in Palestine, ended on May 14. During May and June the Security Council also dealt with the situations in Palestine and, in addition, with the situations in Spain, Czechoslovakia, India and Pakistan, and Indonesia. The special United Nations commissions on Greece and Korea were active in their areas during the two-month period. However, accounts of these developments are not given in this section but appear in later sections of this Summary under the countries that are involved.

This section covers the developments that are more directly related to the organization of the international system of collective security established by the Charter of the United Nations.

MODIFICATION OF VETO

Congressional Proposals for Charter Revision

The House of Representatives Foreign Affairs Committee, on May 4, opened public hearings

on legislative proposals under which the United States would be required to take the initiative in seeking revision of the United Nations Charter. Secretary of State Marshall and U.S. Representative to the United Nations Austin appeared before the House Foreign Affairs Committee on the 5th and spoke against all proposals pending in the Congress to revise the Charter. Marshall told the group that "it is not changes in the form of international intercourse which we now require," but rather "it is to changes of substance that we must look for an improvement of the world situation." He indicated that "when the substance of the world situation improved, the United Nations will be able to function with full effectiveness." The Secretary pointed out that "since the most important of the peace settlements have not been agreed upon, the United Nations has been compelled to carry on its activities under world conditions far different from those contemplated by the Charter."

Speaking of the proposals "designed to improve international conditions by new forms of international organization," the Secretary said:

"These projects envisage radical changes in the existing United Nations Charter. Some propose the elimination of a veto on enforcement measures, the establishment of inequality of voting among the major powers, and the virtual elimination of the influence of small nations in the Security Council decisions. Others go beyond the revision of the United Nations Charter and call for the establishment of new forms of international structure along the lines of world government. In general the proponents of these projects recognize the probability that the proposals would not be accepted by at least one of the major powers and by a number of other governments now Members of the United Nations. They advocate that in this case the respective projects be put into effect among such nations as would accept them."

Marshall also told the Committee that "all of these projects appear to rest on the assumption that the present unsatisfactory state of world affairs is a result of inability on the part of the United Nations to prevent aggression; that this inability arises from the exercise of the veto power in the Security Council and the lack of a United Nations police force; that if the veto power on enforcement decisions could be removed and the United Nations provided with armed forces, aggression could be prevented;

and that the principal barrier to world peace would thereby cease to exist." According to the Secretary, this assumption "rests ... on an incomplete analysis of our main problems of foreign policy at this juncture and of the part which international organization can play in solving them."

In concluding his testimony before the House Foreign Affairs Committee, the Secretary said:

"The suggestion that a revised United Nations, or some form of world government, should be achieved, if necessary, without those nations which would be unwilling to join, deserves special attention. Such a procedure would probably destroy the present United Nations organization. The result would be a dispersal of the community of nations, followed by the formation of rival military alliances and isolated groups of states. This result would weaken us and expose us to even greater dangers from those who seek domination of other states. ..."

Austin told the Committee:

"It is not true that the United Nations has failed because of the veto. On the contrary, it has succeeded in spite of the veto However, it is true that the United Nations could expedite its service and accomplish more effective solutions of disputes and situations if the veto privilege were not permitted to interfere with pacific settlement of disputes. ... When it becomes feasible to amend the Charter in respect of Chapter VI, as well as in respect of admission of new members, the strong position you will have taken in criticism of this frailty should prove to be of great assistance to the members of the United Nations. That time has not arrived... ."

John Foster Dulles, Republican foreign policy adviser, appeared before the House Committee on the 12th. He said he did not favor the calling of an international conference to amend the Charter, but indicated that he did believe "the moral stature of the United States would be increased if the Congress were to make it clear that, at this critical time when the fate of humanity hangs in the balance, our great nation is ready to take the lead in surrendering its sovereignty to the extent necessary to establish peace through the ordering of just law."

On the 14th, the House Committee ended its hearings after a number of persons had testified, mostly in favor of revision.

Meanwhile, Senator Vandenberg, Chairman of

the Senate Foreign Relations Committee, on May 11 had made public a "working paper" covering proposals for more efficient functioning of the United Nations. He explained that this document--the result of weeks of study of the various proposals--was not opposed by the State Department. Vandenberg said further that if the paper were adopted by the Committee and the Senate, it would be in the form of a resolution of advice to President Truman. The study read in part:

"... be it resolved that the Senate re-affirm the policy of the United States to achieve international peace and security through the United Nations, and that the President be advised of the sense of the Senate that this Government by Constitutional process should particularly pursue the following objectives within the United Nations Charter:

"(1) Voluntary agreement to remove the veto from all questions involving pacific settlement of international disputes and situations, and from the admission of new members.

"(2) Progressive development of regional and other collective arrangements for individual and collective self-defense in accordance with the purposes, principles and provisions of the Charter.

"(3) Association of the United States by Constitutional process with such regional and other collective arrangements as are based on self-help and mutual aid, and as affect its security.

"(4) Contributing to the maintenance of peace by making clear its determination to exercise the right of individual or collective self-defense under Article 51 should any armed attack occur affecting its national security.

"(5) Maximum efforts to obtain agreements to provide the United Nations with armed forces as contemplated by the Charter, and to obtain agreement among member Nations upon universal regulation and reduction of armaments under adequate and dependable guarantee against violation.

"(6) If necessary, after adequate effort toward strengthening the United Nations, review of the Charter at an appropriate time by a General Conference called under Article 109, or by the General Assembly."

When asked if the working paper were intended to foster U.S. participation in a military alliance, Senator Vandenberg said that this would depend on how such an alliance might develop, to what extent it would be self-sufficient, and what its

effect would be on U.S. security. He explained that a military lend-lease program was not included in the proposed resolution.

The Senate Foreign Relations Committee unanimously recommended a resolution on May 19 based on the working paper submitted by Senator Vandenberg.

The Vandenberg resolution was adopted by the Senate by a vote of 64 to 4 on June 11. In a statement to the upper house on his proposal at that time, Senator Vandenberg said:

"This resolution is a sound answer to several critical necessities in respect of foreign policy which America confronts. ... What are the necessities which this resolution is undertaking to answer? The first necessity is this: Recognizing the indispensability of the United Nations as the key to collective security, many Senators have earnestly joined in numerous Senate resolutions proposing new United Nations patterns for a surer collective warrant of just and dependable peace. It is to their everlasting credit that they have thus sought to stimulate more effective relationships in pursuit of dependable peace for free men in a free world.

"The Foreign Relations Committee has been unwilling to bury these suggestions from so many of our Senators in a 'deep freeze.' It has sought, instead, a simple, forthright separation to bespeak the essence of all of these varying views and to find a common denominator which can hopefully represent the united opinion and recommendation of the Senate. We believe the pending resolution is today's best answer to this need.

"The second necessity which we have confronted in this connection ... is this: ... our people have looked with ... anxiety upon the often unhappy vicissitudes of the scarred United Nations, too often stranded on the veto rocks. ... The third necessity ... Facing the grim reality that peace may fail through the acts of others, Congress is concurrently driven by prudence to rebuild the minimums of national armed defense in the presence of possible aggression which might sneer at any arguments of force. At such a moment it is necessary that the same Congress, if faithful to the spirit of America, should simultaneously renew its relentless dedication to collective peace. ...

"There is a fourth and final necessity which we have sought to answer through this resolution. We are embarking upon tremendous efforts to help others to help themselves into economic convalescence which follows inde-

pendent strength and whatever makes for healthy peace for all of us, America included. Pending this blessed outcome, it is inevitable that related questions of physical security should arise. This results and has resulted in immediate speculation abroad and at home regarding our American role in this collective security base.

"The pending resolution is the responsible answer, so far as Congress can presently foresee. It declines automatically military alliances. It declines all peacetime renewals of the old open-ended lend-lease formula. It declines unilateral responsibility for the fate of western Europe."

With reference to that section of the resolution that provided for "voluntary agreement to remove the veto from all questions involving pacific settlement of international disputes and situations, and from the admission of new members," Senator Vandenberg said:

"... It will be noted that we are not proposing that the voice of the United States, for the time being at least, should seek to remove the veto from the use of armed sanctions. In other words we are not invading that section, that ultimate section, of the United Nations activity which could involve the use of armed force. We are not proposing to remove the veto at any point which would involve a decision that takes us into the activities of war. ...

"The removal of the veto as proposed at this point would leave the veto on economic sanctions. ... it certainly is ... [my] feeling ... today, that if the pacific settlement chapter of the United Nations Charter can be effectively put into adequate operation, it will not be necessary once in a hundred times to proceed either into economic sanctions or into that chapter of the Charter which deals with armed sanctions. Therefore ... the resolution in proposing the removal of the veto from the pacific settlement sections of the Charter proceeds on that great fundamental theory that this institution is primarily an institution to keep the peace, and not a contract to go to war. Therefore it proposes the removal of the veto at those points where pacific settlement can be pursued by pacific methods. Yet--and this is the significant point I wish to emphasize--it would have met the situation in which every veto has been applied in the life of the United Nations. If this proposal ever became effective, no veto like any veto in the entire list of vetoes up to date would be permissible. ..."

In the meantime, the House Foreign Affairs Committee approved on June 3 a declaration committing the United States to the principle of military aid to free nations of the world who have entered into defensive alliances, and accepting in almost every essential the resolution sponsored by Senator Vandenberg in the Senate. The only mention of revision of the Charter contained in the House document was the statement that U.S. policy should include: "Initiating consultations with other members [of the United Nations] concerning the need for and possibility of so amending the Charter as to enable the United Nations more effectively to prohibit and prevent aggression or other breaches of the peace." However, the Congress adjourned without the House having taken any action on the measure.

Consideration by the Interim Committee

During May, a nine-nation working group of the Interim Committee's subcommittee 3 continued deliberations on the voting procedure in the Security Council. On the 10th, it approved a report on recommendations for 98 possible decisions "adopted or which might be adopted by the Security Council in application of the Charter or the Statute of the International Court of Justice."

The preliminary report of the subcommittee, released on May 12, contained among many others the following conclusions concerning the problem of voting in the Security Council: (1) recommendations to the General Assembly on the admission of a state to membership in the United Nations should be adopted by the vote of any seven members of the Council; (2) no definite commitment could be made on steps in pursuance of recommendations to the General Assembly on the principles of co-operation in the maintenance of international peace and security; (3) the vote of any seven members of the Security Council should determine the decision whether a matter before it falls within one of the categories which the Interim Committee and the General Assembly recommend should be determined by the vote of any seven members of the Council; and (4) the determination whether a question is a situation or dispute should be made by the vote of any seven in the Security Council. In all, 52 cases that might come before the Council, in which the veto should not be permitted to apply, were cited.

The subcommittee approved on May 28 the first section of its report to the Interim Committee, including conclusions and recom-

recommendations on the voting procedure which the group considered should apply to the 98 possible decisions "which might be adopted by the Security Council in application of the Charter or the Statute of the International Court of Justice."

The working group of subcommittee 3 had completed its task of framing proposals for implementing recommendations that would lead toward liberalization of the voting procedure in the Security Council by June 7. The subcommittee approved on the 22nd the report of its working group to be sent to the Interim Committee. The working group in the main considered methods for implementing earlier recommendations, which dealt with the classification into categories of possible decisions of the Security Council. These methods were: (1) interpretation of the Charter of the United Nations; (2) agreement among the five permanent members of the Security Council; and, (3) convocation of a general conference for the purpose of reviewing the Charter.

Advisory Opinion of Court on Membership

The International Court of Justice rendered its first decision in the Hague on May 28, when it presented an advisory opinion, by a vote of 9 to 6, on the conditions for admitting a state to membership in the United Nations. In answer to the question put to it by the General Assembly, the Court decided that a member of the United Nations was not entitled to make its consent to the admission of another state dependent on criteria not provided in Article 4 of the Charter.

The majority of the Court summarized the conditions for membership as follows: The applicant must be a peace-loving state, accept the obligations of the Charter, and be able and willing to carry these out. The Court added: "These conditions are exhaustive and not merely stated by way of information or example. They are not merely necessary conditions but also conditions which suffice." Concerning the question of "horsetrading," the Court said that the offer to vote for one state if the opposition voted for another constituted the imposition of a new condition, one "contrary to the spirit and letter of the Charter."

At Lake Success, Soviet delegate Gromyko said: "The International Court of Justice had no right to interpret the Charter. That is the position we took in the Security Council and there has been no change. The decision makes no difference to us."

PERMANENT INTERIM COMMITTEE

Consideration by the Interim Committee

Subcommittee 4 of the Interim Committee, dealing with the question of the establishment of a permanent Interim Committee, began consideration on June 17 of the report of its first working group. The United States representative urged continuance of the Interim Committee for at least another year in view of its achievements to date. He said:

"... one observation is appropriate. My government feels that the sound development of a committee of the General Assembly functioning between sessions will evolve from the confident belief by the Members that it will not encroach upon the functions of the principal organs or other agencies of the United Nations.

"One of the outstanding facts about the Interim Committee thus far is that it has not so encroached. I suggest that such confidence will continue to evolve from the use of the Committee along the lines already developed rather than from substantial alteration of its terms of reference. It is because of this conviction that the United States has not itself, in the working group in which it has participated, suggested any considerable changes in the terms of reference of a future committee. We feel that its orderly development will result from continuing substantially those powers which it now has; and from actual use of these powers including the development of its potentiality for both preparatory work and implementation."

On June 25, the subcommittee recommended that the Interim Committee be extended for another year on an experimental basis. It also agreed that the following should be included among the powers of the proposed Committee: (1) to observe, encourage, and report to the General Assembly on the implementation of resolutions if the Assembly has included a clause to this effect at the time of passage; and (2) "to receive reports from, and give advice to, ad hoc committees and commissions of the General Assembly concerning the relevant resolutions." This second clause was included to clarify such cases as the question put to the Interim Committee by the Korean Commission on the implementation of the resolution. The manner of rendering such advice was left to

"whatever means the committee deems practical and appropriate."

GENERAL PRINCIPLES OF CO-OPERATION

Consideration by the Interim Committee

Subcommittee 2 of the Interim Committee convened on May 27 for the first time since April 14. Discussion was continued on a British proposal, under which parties to disputes and situations brought to the attention of the Security Council or the General Assembly would meet under the chairmanship of the President of the Council or of the Assembly in an effort to settle their differences.

The subcommittee approved on the 9th a proposal, formulated on the basis of the original British proposal, that recommended the appointment of a rapporteur or conciliator to meet with the parties when a situation or dispute is brought before the Security Council. On the 15th, the subcommittee continued discussion of the United States proposal for a panel of inquiry and conciliation. The British delegate suggested recommending that the Interim Committee "consider whether it would not be both useful and advantageous to the United Nations to create a small panel of mediators consisting of individuals of outstanding character and experience, whose international reputation would enable them to carry out tasks of counsel and mediation in particular international disputes."

The subcommittee decided on June 21 to recommend that the study of proposals before it be continued, leaving it to the discretion of the Interim Committee to decide which body should continue the investigation. Three days later it agreed that the terms of reference for the proposed body, which would continue the work of the Interim Committee, should include the following provision:

"To consider systematically, using as a starting point the recommendations and studies of the Interim Committee contained in its report to the General Assembly, the further implementation of that part of Article 11 ... relating to the general principles of cooperation in the maintenance of international peace and security, and of that part of Article 13 ... which deals with the promotion of international cooperation in the political field, and to report its conclusions to the General Assembly."

PROVISION OF ARMED FORCES

Proposal for a Guard Force

Speaking at Harvard University on June 10, United Nations Secretary-General Lie said there was no "dispute about the fact that the Security Council must have a force to back up its decisions." He suggested that, pending the composition of differences in the Military Staff Committee that have prevented the conclusion of the military agreements under Article 43 of the Charter, it was "possible that a beginning could be made now through the establishment of a comparatively small guard force, as distinct from a striking force."

Delegations at Lake Success appeared willing to consider the suggestion of the Secretary-General, but in general they favored the use of such an international force as a panel to provide mission guards and plebiscite patrols. On the 16th, Lie said that he was working out details of his proposal, and revealed that he had discussed it with members of the Military Staff Committee before voicing the suggestion at Harvard. He proposed a force of from 1,000 to 5,000 men, and said that he anticipated no difficulty in recruiting such numbers as he had already received applications.

CONTROL OF ATOMIC ENERGY

Conclusion of Negotiations in U. N. Commission

The Atomic Energy Commission met on May 7 to discuss a proposed draft of its third report to the Security Council, prepared by the United States, Great Britain, and France. The document pointed out that "in the field of atomic energy the majority of the Commission has been unable to secure the agreement of the Soviet Union to even those elements of effective control considered essential from the technical point of view, let alone their acceptance of the nature and extent of participation in the world community required of all nations in this field by the first and second reports of the Atomic Energy Commission." The draft continued:

"The failure to achieve agreement on the international control of atomic energy arises from a situation that is beyond the competence of this Commission. In this situation the commission concludes that no useful purpose can be served by carrying on negotiations at the Commission level."

It was therefore recommended that the negotiations in the Atomic Energy Commission be suspended "until such time as the General Assembly finds that this situation no longer exists, or ... as the sponsors of the General Assembly resolution of January 24, 1946, who are the permanent members of the Atomic Energy Commission find, through prior consultation, that there exists a basis for agreement on the international control of atomic energy."

The Commission adopted the report on the 17th by a vote of 9 to 2 (the Soviet Union and the Ukraine voting in the negative) and thereby suspended its activities. The Commission also recommended that its three reports be sent, "as a matter of special concern," to the next regular session of the General Assembly, meeting in Paris in September. Soviet representative Gromyko opposed the majority report on the ground that agreement could be reached if the proposals presented by the Soviet Union were accepted.

The Security Council on June 11 opened consideration of the "Third Report of the Atomic Energy Commission," discussing the subject of control of atomic energy for the first time since March 10, 1947. U.S. Representative Jessup introduced a resolution (supported by Great Britain and Canada) calling upon the Council to accept the three reports of the Atomic Energy Commission, to approve the recommendations of that body, to suspend discussion in the Commission, and to refer the reports to the next session of the General Assembly "as a matter of special concern." In presenting the resolution to the Security Council, Jessup said in part:

"All governments are faced with one or the other of two alternatives: either a con-

tinuation of the race in atomic armaments, or agreement on a system of international control in which all nations would have confidence because they believed it to be effective. There is no middle ground between these two alternatives.

"My delegation is of the opinion that the Security Council in keeping with its responsibility, should state clearly its position. My delegation hopes that in the consideration of those matters in the Security Council and in the General Assembly the Soviet Union together with all other nations may come to recognize the soundness of the plans so painstakingly developed by the Atomic Energy Commission."

Consideration of the United States resolution was postponed until June 16, at which time Soviet Representative Gromyko charged that "ruling circles" of the United States intended to "wreck" international atomic control and to increase the production of atomic weapons, thus adding to anxiety and instability in international relations and further extending the war psychosis under which the United States was suffering. The Council, after hearing the French, Chinese, and Belgian representatives support the Third Report of the Atomic Energy Commission and the draft resolution introduced by the United States, adjourned without action.

At the Council meeting of the 22nd, the Soviet Union with one veto--its 26th--blocked approval of the United States resolution. The Soviet Union was supported by the Ukraine. Nine states voted in favor of the proposal. A Canadian resolution to refer the three reports of the Commission to the General Assembly, without comment from the Security Council, was adopted with the Soviet Union abstaining.

PROMOTION OF THE GENERAL WELFARE

Although the Economic and Social Council was not in session during either May or June, several of its commissions and subsidiary agencies were active. Accounts of the activities of two of these are given below. The activities of the economic commissions for Europe, for Asia and the Far East, and for Latin America are covered in the sections of this Summary dealing with those areas along with the proposal for a commission for the Middle East. Also the work of the Human Rights Commission in the drafting of the international bill of rights is given in the last section.

The Trusteeship Council was in session twice during the period. It adjourned early in May following its attempts to deal with the trustee-

ship proposal for Jerusalem. A summary of its work at its second meeting is given below. It was still in session at the end of the month.

ECONOMIC AND SOCIAL COUNCIL

Statistical Commission Meeting

The third session of the Statistical Commission ended on May 6 after the adoption of a report for the Economic and Social Council. The principal achievements of the meetings included the inception of a program of international statistical education and training, and the establishment of a work program.

Population Commission Meeting

Opening its third session on May 10, the twelve-member Population Commission agreed to set up four subcommittees--suggested by the United States representative--with the support of the Soviet Union and Yugoslavia. These were on: (1) terms of reference; (2) migration; (3) international census plans and improvement in the comparability and quality of population statistics; and (4) trust territories.

On the 19th, the Commission (7 to 0) adopted the report of its subcommittee on migration.

A report on the allocation of functions in the field of migration (submitted by committee 2, migration) was adopted by a vote of 10 to 0, with 1 abstention, France. A further report (from committee 3, international census plans) was also adopted on May 20. On that day, the Commission concluded the agenda set forth for the session by considering the study on population data for trust territories, submitted by subcommittee 4 (trust territories). After approving the report of the rapporteur on the 25th, the Commission adjourned until its next session, scheduled for 1949.

TRUSTEESHIP COUNCIL

Third Session of the Council

The Trusteeship Council opened its third regular session at Lake Success on June 16 and was still in session when June ended. The Soviet Union participated in the work of the Council for the first time since its establishment.

The Council began consideration on June 18 of the Belgian Administration's report on the trust territory of Ruanda-Urundi, and also agreed on the same day to establish a three-man committee--composed of its President and the Mexican and New Zealand delegates--to confer with a similar committee of the Security Council on the functions of the two organs with respect to the trusteeship system as it is applicable to strategic areas. This joint committee first met in a closed session on the 22nd, and it soon became clear that the major issue was whether or not the Security Council could give directives to the Trusteeship Council on matters concerned with strategic areas.

Earlier the Security Council, on June 18, had examined the report of its Committee of Experts

"on the respective functions of the Security Council and the Trusteeship Council with regard to the trusteeship system as applied to strategic areas." The Security Council had before it then two resolutions; one, presented by the majority of the Committee of Experts, recommending that the functions of the United Nations in strategic areas--strictly limited to social and economic spheres--should be handled by the Trusteeship Council; and another, presented by the Soviet Union and the Ukraine, that would make the Security Council the United Nations representative in strategic areas, with power to delegate its authority to other organs. The Soviet Union, supported by the Ukraine, charged that the majority of the Council was trying to hand over Security Council functions to the Trusteeship Council, thereby making it clear that the United States, "regardless of the provisions of the Charter, doesn't want the Security Council to carry out its functions" concerning the Pacific islands. After considerable debate, the Security Council (by a vote of 9 to 0, with 2 abstentions) had authorized the president, together with the representative of Belgium, as the rapporteur of the Committee of Experts, and the representative of the Ukraine, to consult with the president of the Trusteeship Council on the report of its Committee of Experts.

The Trusteeship Council considered the question at its meetings on June 25 and 28. Most of the members of the Council held the view that the Security Council was obligated by the Charter to utilize the assistance of the Trusteeship Council on all but the security aspects of the supervision of the administration of strategic trust areas. The Soviet Union took the position that it was entirely within the discretion of the Security Council whether it should request the aid of the Trusteeship Council in these matters. After all members of the Council had expressed their views on the question, the President adjourned discussion of the question pending action on the problem by the Security Council.

At the meeting of the Trusteeship Council on June 29, the United States proposed that the administering powers should give the Trusteeship Council prior notice before initiating any administrative union affecting trust territories. This issue arose in connection with the British report on Tanganyika, in which it was stated that Great Britain had already made plans to establish an East African administrative union between Tanganyika, Uganda, and Kenya.

III. EUROPE

Developments in Europe, as they are presented in this section of the Summary, do not include events in either Great Britain or the Soviet Union, both of which are covered in the first section. Nor does this section include Greece. Events in or affecting Greece are covered later in the section on the Middle East and Africa.

For the purposes of presenting the material, developments are grouped by countries under Western Europe, which also includes Scandinavia and Germany and Austria in Central Europe, and Eastern Europe, which includes the states in the Soviet orbit. Regional developments affecting either of these broad geographical areas are also recounted under these headings.

Regional developments are given first in each group and are followed by those in particular countries, with the countries arranged in alphabetical order. This same arrangement is followed in the geographic groupings under the next three sections of this summary that cover developments in the Middle East and Africa, East and Southeast Asia and the Western Hemisphere.

The Hague Conference

The Congress of Europe, an unofficial conference called by a joint international committee representing the movements for European unity, opened at The Hague on May 7. In the opening address, the chairman, Winston Churchill, welcomed the "precise arrangements" being made by the governments associated in the European Recovery Program, but pointed out that these arrangements could only apply at present to Western Europe, whereas the purpose of the gathering at The Hague was to seek the unification of "all Europe."

After lengthy debate, in which the focal point of controversy was whether to establish a federal government of Europe or a less rigid form of union, a compromise resolution was unanimously adopted by the congress on the 10th. The resolution proposed "the convening as a matter of real urgency of a European assembly chosen by the Parliaments of the participating nations from among their members and others." The objectives of this Assembly would be: "to stimulate and give expression to European public opinion; to advise upon immediate practical measures designed progressively to bring about the necessary economic and political union of Europe; to examine juridical and constitutional implications arising

out of the creation of such a union or federation and their economic and social consequences; and to prepare the necessary documents."

The congress also agreed to set up a committee to frame a definition of democracy precise enough to determine the eligibility of any nation for admission to a united Europe. This committee was assigned the task of drawing up a charter of rights, and will submit its report within three months.

Paris International Socialist Conference

Socialists from all European countries and almost every part of Africa and Asia convened in Paris on June 19 for a three-day conference to consider their attitude toward the movement for a European federation. They agreed to participate as observers in the work of the international co-ordination committee established at The Hague congress in May.

ECONOMIC COMMISSION FOR EUROPE

Third Session of ECE

The third session of the Economic Commission for Europe (ECE), which had opened in Geneva on April 26, ended on May 8. In several of the plenary sessions, representatives from south-eastern and central Europe emphasized the progress in economic recovery in these parts of Europe, and criticized United States policy.

Great Britain and France defended the United States against these accusations. The French delegate asked the Soviet Union to make his state's position clear as to whether they intended to continue to come to ECE meetings to make propaganda speeches leading nowhere, or were they willing to "recognize reality as it exists." He continued:

"You should recognize that the Marshall Plan exists and we shall see it through; that Europe will organize and whatever are your efforts to the contrary, we shall finally defeat you. Collaboration is possible, but we must find common ground between East and West in the ECE for carrying on constructive work on specific economic problems in Europe."

A compromise was reached on May 3--after private meetings and a public attack by the

Soviet delegate on British economic policy in the Ruhr--on the setting up of the ECE office in Germany, a proposal to which the Soviet bloc had previously objected. It was decided unanimously, upon the suggestion of Sweden, that the executive secretary should renew consultation with the Allied Control Council in Berlin with a view to setting up a liaison office there.

At its plenary session on May 8, the Commission agreed upon: (1) the acceptance of a Netherlands proposal to set up an ad hoc committee on agricultural problems of joint concern to the ECE and the Food and Agriculture Organization; (2) the defeat of a Soviet proposal to establish an independent ECE committee for promoting agricultural development (supported by Poland, Czechoslovakia, Byelorussia, and the Ukraine); (3) the adoption of a Swedish compromise resolution on a Soviet Union proposal for the creation of a subcommittee for the maintenance and development of those branches of industry most important to the economy of the European states under postwar conditions; and (4) the acceptance of a report to the Economic and Social Council summarizing the decisions and accomplishments of the ECE technical bodies, the Inland Transport, Coal, Industry, Electric Power, and Materials Committees; the Steel, Timber, and Manpower subcommittees; and the Housing Panel.

ECE Electric Power Committee

The Electric Power Committee ended its third session in Geneva on May 12, by approving reports from its subcommittees and working parties, including studies of the technical, legal, and economic aspects of the development of European electric power resources for international use. The committee re-emphasized a request by the Steel Committee for additional heavy equipment.

The Secretariat reported, on the basis of limited information, that for Europe to implement plans for power plant construction, the industries now producing heavy power station and transmission equipment would have to reach an output for each of the next four years slightly more than twice the 1937 output.

ECE Coal Committee

The allocations subcommittee of the ECE Coal Committee reported to the Committee in Geneva on May 14 that it had agreed upon shifts in the allocations of European coal that would reduce

in the third quarter of 1948 the need for United States coal by about 80 cargoes. It was further agreed that a new flexibility would be used in future German coal allocations. France and Italy rejected on June 2 the Polish coal tentatively allocated to them for the third quarter of 1948 by the subcommittee. The reasons given for the French refusal were payment difficulties, and either an unwillingness or an inability to send to Poland machinery and spare parts for the improvement of its coal industry and agricultural output. Italy gave no explanation.

The Coal Committee released on June 10 details of the European countries' projected coal and coke exports and imports for the third quarter of 1948. The Committee also announced that: (1) negotiations were in progress for shipment of United States, British, and Polish coal to Germany, in return for which better German coal would be released for export; (2) special allocations of metallurgical coke to the European steel-producing states have been continued for the third quarter, in order to increase steel production; (3) over 40 per cent of all coal and coke in intra-Europe trade is now "free," i.e. not moving under commitments made in bilateral agreements; and (4) if the United States restricts its exports to the amounts recommended by the Committee, the total demands on that country for coal during the third quarter will be 7.5 million tons.

ECE Industry and Materials Committee

On June 25, a five-day effort to persuade the members of the Industry and Materials Committee of the Economic Commission for Europe to pool data on their capacities to produce electric power equipment ended in failure. The proposal was made that the Secretariat receive data from participating governments on a basis whereby it could survey the supply-and-demand. Great Britain prevented the adoption of any resolution that would make it necessary for them to co-operate in the furnishing of material for such a survey. (Electric power equipment is one commodity in which Great Britain's ability to produce presents the key to the whole situation.) The British representative on the Committee was reported to have said in private discussion that his country believed that the problem of electrical equipment could be solved on a bilateral basis. In the meeting, Poland opposed the British attitude strongly, and several Western European states indicated that they were not willing to consider the matter ended.

WESTERN EUROPE

Events involving United States action in establishing the Economic Cooperation Administration and Congressional action on appropriations for the European Recovery Program are given later in the section on Economic Relations. Attention should also be called to the account of Congressional action on the United Nations system, given in the earlier section, that also involved the question of United States participation in regional security systems such as the Western European Union.

WESTERN EUROPEAN INTEGRATION

British Policy Statement

In his review of British foreign policy in the House of Commons on May 4, British Foreign Secretary Bevin recounted the steps that had been taken since the signing of the Brussels Treaty on March 17 to set up the necessary machinery. These included the creation of a permanent organ of the Consultative Council, the agreement to establish a Permanent Military Committee, and the recent meeting of the Finance Ministers. In regard to the first meeting of the Defense Ministers in London on April 30, Bevin reported:

"... in the realm of defense generally we are concocting nothing aggressive against anyone. The safety of our respective countries must be the first claim upon responsible statesmen and parliaments. This is a legitimate claim made by others, to which we do not object. Neither can we allow it to be denied to us. It will not lead to war, but the chaotic separation of the Western Powers, if allowed to continue, would leave them open as a tempting prey. The consolidation of the West ... would put these powers in a position to negotiate on such an equal footing that agreement will not only be possible but probable. But our liberty, our survival and the maintenance of the position of the Western European Nations in the world must be the subject of continual organization and vigilance."

United States Attitude

While his resolution dealing with the United Nations system was pending in the Senate, Senator Vandenberg said on May 22 that the Department of State had assured him that the

United States would not finance arms for Western Europe or underwrite any European defense agreement without specific permission from the Congress. Following passage of the Vandenberg resolution by the Senate (on June 11) there was much speculation on the steps that would be taken by the Executive Branch of the government to implement it. Finally, Acting Secretary of State Lovett said on June 23 that the Department of State would commence at an appropriate time to implement the basic ideas of the resolution. He viewed it as reasonable to assume that discussions based on the resolution would soon be opened with the states belonging to the Western European Union. Lovett said the subject had received much study.

Prospects of Northern Defense Union

Several speeches during the course of labor celebrations on May 1 gave evidence of the increased concern of the Scandinavian states with military defense. Laborite Terje Wold, chairman of the Norwegian Parliament's Foreign Affairs Committee said that he believed the political situation justified a military aid agreement between Norway and Sweden "in case of aggression." The Swedish Prime Minister asserted: "We are prepared to defend our freedom and independence against attack from abroad." He added that the communist "coup in Czechoslovakia was a testing-time not only for Prague but also for Stockholm."

The three Scandinavian Premiers met in Stockholm on May 9, while attending the Swedish Social Democratic party's conference. They were reported to have discussed inter-Scandinavian co-operation beyond party lines. U. S. government "officials" said on the 19th that Norway and Denmark had appealed to the United States for arms and munitions, and that the Administration was giving these requests "sympathetic consideration."

The Swedish Commander-in-Chief, General Helge Jung, speaking in Stockholm on the 30th, welcomed the proposals for a united Scandinavian defense front. He presented a grave picture of "unscrupulous methods" likely to be employed "in a new war," and discussed Sweden's exposed position between blocs.

The Swedish Government disclosed on June 21 that preliminary May-June discussions on the joint defense of Scandinavia had taken place between Sweden, Norway and Denmark at Sweden's invitation. Foreign Minister Oesten

Uden, addressing Parliament, stated that his government desired to limit studies to defense problems which might arise in any war in which the Scandinavian countries would try to remain neutral.

ORGANIZATION FOR EUROPEAN ECONOMIC CO-OPERATION

Five-Power Plan for Intra-European Trading

"Authoritative circles" in Washington said on May 9 that the Finance Ministers of France, Great Britain, Belgium, the Netherlands, and Luxembourg had informed the U.S. Economic Cooperation Administration and the Organization for European Economic Administration that they had drawn up the following three-point plan for intra-European trading: (1) A long-term scheme to standardize production methods, to eliminate unprofitable industries, and to develop specialization among the different countries. (It was understood that the British had made serious reservations in this connection and that before the project could be brought to fruition several further meetings would be necessary.) (2) A middle-term plan to set aside in a common financial pool an amount not exceeding one third of the deposits in local currencies that each country had agreed to make against ERP deliveries, each nation to be allowed to draw from this pool to settle deficit accounts. (3) A short-term plan by which Belgium would credit France for a limited period with a part of its sterling balance and would make concessions to Great Britain, receiving in return certain advantages from those two countries.

Five-Power Financial Talks

In his address to the House of Commons on May 4, British Foreign Secretary Bevin spoke of the difficulties to be overcome before the international monetary stability essential to the recovery of Europe could be realized. Referring to the recent meeting (April 29) of the Finance Ministers of the five Brussels treaty powers, he said:

"It is imperative, if we are to make progress, that a method should be devised whereby we can get stability, free exchange of goods and proper clearing arrangements over as wide an area as possible. This Brussels meeting, following an earlier meeting of the experts at The Hague, was

most useful. It provided a valuable opportunity of thrashing out short-term and long-term problems. The issues are, however ... extremely complicated. Their solution will need constant thought and action, and a good deal of give and take and adjustments in our respective economies and finances. ..."

It was announced on May 20 that experts of the 16 nations of the Organization for European Economic Co-operation had discussed the proposals of the five Finance Ministers, but had reached a deadlock as a result of the opposition of the nations that had not been represented in Brussels. The delegates had, therefore, postponed further talks pending consultation with their governments.

BENELUX

Proposed Full Economic Union

A two-day conference of the Benelux group to discuss the transformation of the present customs union into a full economic union began at Chateau d'Ardenne (southern Belgium) on June 7. At the close of the meeting, the participants issued a communiqué stating that measures had been decided upon to make the economic union "effective as of January 1, 1950." It was arranged to hold another meeting in January to examine the progress made.

AUSTRIA

Meeting of Foreign Ministers' Deputies

At the first May meeting of the Deputies on the 4th, the three Western Powers rejected the claims advanced by Yugoslavia on April 30 for \$100 million in reparations and for Austrian Carinthia. The United States, supported by France and Great Britain, said that this territorial demand was not based on ethnic, cultural, geographic, or economic grounds. It also declared that the imposition of any reparations burden upon Austria would violate the Potsdam protocol and the Moscow declaration, and would prevent that country from regaining economic independence and fulfilling the obligations imposed upon it by the treaty. United States determination to adhere to its international undertakings with Austria was also emphasized.

The Soviet Union, however, insisted that the Yugoslav claim in Carinthia was justified on historical grounds, and maintained that Yugo-

slavia was entitled to special treatment as an ally, an argument to which the Western Powers took exception. On the 6th, the Soviet Union urged resumption of discussion of other treaty clauses, but the United States said that further progress was impossible until two principles had been accepted, namely, that Austrian frontiers should remain as they were in 1938, and that it should not be required to pay reparations. In turn, the Soviet Union insisted that no treaty was possible until Yugoslavia's "legitimate interests" had been taken into account, adding that these could not be satisfied without a revision of its frontiers.

The Deputies of the three Western Powers then decided that no further purpose would be served by continuing the discussion, and the meeting was adjourned. The U.S. representative indicated on the 8th that the talks would not be resumed unless there was a change in the Soviet attitude.

The American Deputy, as chairman of the next meeting, called on the Soviet representative on May 19 to discuss the possibility of arriving at a settlement. He was informed by the Soviet delegate that he had received instructions from Moscow to continue to support the claims of Yugoslavia. On the 24th, therefore, the American Deputy addressed a letter to the Secretary General of the Council of Foreign Ministers stating that he would not call for a resumption of the discussions until there existed "a justifiable basis for continued negotiation, particularly with respect to assurances concerning the maintenance of Austria's 1937 frontiers and the principle of no reparations."

On May 25, the Austrian Cabinet reaffirmed its decision not to agree to any revision of its frontiers or to the payment of reparation to Yugoslavia. A day later, the Department of State expressed its disappointment at the failure to conclude a treaty and restore the Austrian people "to their rightful state of full freedom and independence." The Department declared that the Western Powers found it impossible to recognize the territorial and reparation claims of Yugoslavia. On the territorial question, the announcement said:

"The 1937 frontier between Austria and Yugoslavia was fixed by plebiscite in accordance with the Treaty of St. Germain and sanctioned by international recognition since 1920. The revision of this frontier would be an unwarranted imposition on a small liberated country, inconsistent with the spirit of the Moscow Declaration, and prejudicial to the stability of this area and

Austria's hope of becoming a self-supporting nation. It had always been assumed by the United States Government, and has been repeatedly so stated, that the restoration of Austria as a state liberated from German domination in accordance with international commitment involved the restoration of the whole state and not merely a part thereof."

With regard to reparation payments, the Department of State commented:

"The United States ... has never concealed, nor deviated from, its intention to uphold the principle of no reparations from Austria. The Governments of the United States, U.S.S.R. and United Kingdom agreed at the Potsdam Conference 'that reparations should not be exacted from Austria.' The United States by many forms of material assistance has been faithful to its pledge under the Moscow Declaration to assist Austria to obtain economic security. It could not now be party to an agreement which would place Austria in economic servitude to Yugoslavia for an indefinite period."

The Department charged that the "repeated attempts" of the United States Government "to bring about a speedy solution were consistently frustrated by the delaying tactics of the Soviet Union." Finally, it observed:

"The conclusion of an acceptable Austrian Treaty permitting a reestablished Austrian State to develop freely on a sound basis is regarded as essential to the peace and security of Europe. The future course of the treaty negotiations offers a test of the desire for the development of international co-operation. The machinery has been established and continues available; the issues are clear and simple; the tasks of occupation have been fulfilled; the Austrian nation three years after liberation deserves the right to manage its own affairs freely; the necessity for final settlement of the Austrian problem is long overdue. The United States Government stands ready to resume discussions whenever there is hope that the basic issues of the Austrian Treaty can be resolved."

Occupation Costs

At the Allied Control Council meeting of May 14, the four occupying powers agreed to fix occupation costs at 497 million schillings--10.5 per cent of the civil budget--this sum to be equally divided among them. On May 20, the

Austrian Government published the text of a note to the Allied Powers protesting payment by Austria of occupation costs, especially since there was no justification for maintaining forces there. The note stated that "the continued occupation of Austria is based on grounds that are neither legal nor in the interest of Austria, nor in accord with the promotion of peace," and it declared the government's intention to request postponement of the payment of the occupation costs.

Soviet Interference in Internal Affairs

A Tass communiqué of June 19 stated that the Soviet military authorities had arrested Chief Inspector Anton Marek, of the Ministry of the Interior, for organized espionage against the Soviet occupation Army. The statement added that other high officials of the Ministry also appeared to be involved. The Austrian Government protested this action in a note to the Allied Control Council on June 22 in which it asked that arrests of Austrian citizens should only be made on the decision of all four powers.

The three Western Powers raised objection to the Soviet action at a meeting of the Allied Control Council held on the 25th. The United States representative charged that it constituted a "flagrant" violation of the Moscow Declaration providing for the re-establishment of a free and independent Austria and an "interference in internal Austrian affairs." He proposed the adoption of "a formal procedure for the arrest and trial of Austrian nationals suspected of subversive activities against the Allies, a procedure to be based on quadripartite action by the Allied Council. ..." The Soviet representative, however, rejected the Allied protests as "unfounded and out of place," adding: "Chief Inspector Marek has been arrested for activities against the Soviet forces and the results of the inquiry will be made known in due course."

BELGIUM

Resignation of Cabinet

A cabinet crisis developed in Belgium early in May following the introduction into parliament of a proposal to increase the subsidy to Catholic schools. On this proposal a major difference appeared between the Catholics and Socialists--the two parties forming the coalition government--over the alleged preference to be given to the state schools under the government's subsidy policy. As a compromise measure, the government had agreed to a proposal to increase

the subsidy to Catholic schools if the Catholics would abandon their plans to build 250 new schools. However, Socialist Premier Spaak was unable to obtain majority support in his own party for this compromise, and on May 5, he submitted his resignation to avoid an open split in the Socialist party on the question.

After a week of negotiations Spaak withdrew his resignation on May 14, at the request of both the Catholic and Socialist parties, following a new agreement on the school question. Under the new compromise solution additional state schools will be built in areas where there is dissatisfaction with the Catholic schools, and teachers in Catholic vocational schools will receive small increases in salary.

Possible Abdication of Leopold

King Leopold of Belgium wrote a letter from Switzerland to Premier Spaak on June 25 expressing his willingness to abdicate if a majority of the Belgian people desired it. He asked, however, that a special law should be passed to permit the people to be "consulted," and proposed that if they voted in favor of his return his constitutional position should be restored as it was prior to July 1945, when a regency was established.

EIRE

Anglo-Irish Trade Pact

It was announced on June 23 that Great Britain and Eire had negotiated a new trade agreement that would result in considerable benefits to both countries. The discussions, which Prime Minister Costello of Eire said had "taken place in an atmosphere of friendly understanding and cooperation," terminated in an arrangement that was expected to reduce materially the adverse trade balance of Eire in relation to Great Britain. It provided for a substantial increase in the export of dairy produce and cattle from Eire although Costello pointed out that the Irish could obtain much more from sales of cattle on the continent. He declared that they preferred, however, to make a "long term arrangement with an old and valued customer."

FRANCE

Cabinet Crisis

A Cabinet crisis occurred in mid-May over the problem of church as against state education.

Following nationalization of the coal mining industry, the question of the future of the Catholic schools in the mining district of the south arose. The Popular Republican and the Socialist members of the Cabinet had agreed on a compromise measure, but on May 14--with Socialists and Communists united--the Assembly passed an amendment nationalizing all the schools in the southern mining area.

Defeat of the government was only averted by a decision that all Cabinet members should abstain from voting, and that the government should accept the Assembly legislation.

Meanwhile, the Cabinet faced another possible upset. In the previous session, the Assembly had agreed to a government proposal to reduce Civil Service personnel by 150,000, but on May 28 an Assembly committee voted to reject the bill. Finance Minister René Mayer threatened to resign if the Assembly confirmed the committee's action and Schuman agreed to demand a vote of confidence on the issue. He obtained this vote on June 1 with only Communists opposing him, but his position remained in jeopardy. A compromise civil service measure was passed on June 3 by 353 votes to 188, but the government still had to settle the problem of the conflict between Socialists and the MRP over subsidies to church schools. The issue related to a decree permitting indirect subsidies to church schools, and the Cabinet crisis which developed was again averted when both parties accepted a compromise on June 10.

Franco-Polish Trade Agreement

On May 27 the National Assembly ratified a trade agreement between France and Poland. The pact, which French Foreign Minister Bidault said was "the first settlement between nations across the iron curtain that stipulates figures and dates," provided for delivery to France of coal valued at \$57 million, part of this amount being in compensation for losses suffered by French citizens as a result of nationalization of Polish industries.

Anglo-French Agreement on Sterling Credit

The British Government announced on June 1 that it had entered into an agreement with the Government of France under which it would make available to the latter a sterling credit of £10 million (about \$40 million). The credit, repayable by September 30, was intended to provide short-term facilities to the French Government in overcoming their immediate balance-of-payments difficulties during the

next few months, until the work of the Organization for European Economic Cooperation could become effective.

GERMANY

Strikes Against Food Shortages

Strikes in protest against food shortages began in the bizonal area on May 3, and within a week nearly 100,000 workers were affected. Hanover (in the British zone), where at one time nearly 80,000 workers were on strike, was the center of the walkout. The immediate cause of the stoppage was a reduction in the meat and fat ration and, in certain areas, a cut in the bread ration imposed as a penalty for nonfulfillment of the food quota.

Occupation officials, who placed responsibility on the German administration for its failure to collect indigenous supplies, announced plans for an increase in imports, but said that any immediate increase in rations would endanger future supplies. Workers in Hanover voted to return to work on the 12th, and within two days the Military Governors announced a partial restoration in the bread ration cut in Lower Saxony, Bavaria, and Schleswig-Holstein.

Bavarian Elections

Germans in the Bavarian municipalities went to the polls on May 30 to elect new city councillors. The Social Democrats retained the lead with 30.9 per cent of the votes, although they had lost some ground since the 1946 elections. The greatest increases were made by the new rightist Bavarian party, which received 15.6 per cent of the votes, largely at the expense of the Christian Democrats. The Communists, with 10 per cent of the votes as compared with 9.3 per cent in 1946, received additional support chiefly in the larger industrial cities.

Trizonal Bank

Dissatisfaction with the powers to be accorded to the top officials of the Trizonal Bank led to difficulty during May in finding persons willing to assume the posts. After several former banking officials had refused the positions, it was announced on June 3 that appointments to the three top posts in the Bank had finally been made.

Meanwhile, announcement had been made on May 27 that a central bank would be established in eastern Germany, to begin operations on

June 1. It was emphasized that the bank would be similar to the central bank set up in the western zones and would not at first be granted the right to issue new currency.

Coal Production Difficulties

Reports early in May indicated considerable concern over the failure of the Ruhr miners to maintain adequate coal production. United States Military Government officials, who blamed the German management as well as the workers, asserted on the 22nd that the low output would render it impossible for Germany to fulfill its part of the European Recovery Program in the second and third quarters of 1948.

On June 6, at the end of a two-day conference, the Minister-Presidents of the three Western zones and representatives of the Berlin city administration, trade union leaders and the German coal administration issued a communiqué demanding return of the Ruhr mines to German control. They also asked for internationalization of all European heavy industrial areas, with Germans represented on the control organizations.

The German leaders alleged that the fall in coal production was due to failure to solve the problem of mine ownership. They also declared that the position would improve if the Germans were permitted to obtain some of the coal for their own use, if the food situation were improved, and if dismantling of plants supplying equipment for the mines were stopped.

Six-Power Conference

The conference on Germany, being held in London by the United States, Great Britain, France and the Benelux countries, continued throughout May and early into June. Little "agreed recommendations over the whole field" were being submitted for approval to the progress was made during the first few weeks owing to the difficulty of reconciling the views of France with those of the United States and Great Britain on the questions of a central government for Germany and of the internationalization of the Ruhr. On the latter point, the French maintained that the control authority should be granted wide and effective powers, and that it should be established as soon as possible and, in any case, before a provisional German government was created. The other two countries, especially the United States, did not wish to relinquish their control over the Ruhr as long as they were subsidizing it.

A communiqué was issued on June 2, stating that discussions had been concluded and that

governments concerned. The six participants made public on the 7th a report detailing the recommendations of the conference, including proposals for control of the Ruhr and for the political development of Germany. The communiqué recognized the interest of the Benelux nations in German developments and noted that the recommendations of the delegates included provisions for the "close association" of this group with the military government of the western zones "on matters affecting Benelux interests."

The recommendations for the Ruhr provide for control over distribution of the coal, coke, and steel of the area by an international authority comprising representatives of the United States, Great Britain, France, the Benelux countries, and Germany, although the Ruhr itself would remain an integral part of Germany. It was recommended that the international authority should reach its decisions by majority vote and that the United States, Great Britain, France, and Germany should have three votes each, while the Netherlands, Belgium, and Luxembourg should have one vote each. The representatives of Germany would be designated and the vote for Germany exercised "by those Powers which share the responsibility for the economic administration of that part of Germany which includes the Ruhr." Other proposals include one for the immediate organization of the international authority so that it could "begin to exercise its functions at a time to be determined by the contracting governments and in any case before the establishment of a provisional German government."

On the problem of a government for Germany, the statement said the conference "reached the conclusion that it would be desirable that the German people in the different states should now be free to establish for themselves the political organization and institutions which will enable them to assume those governmental responsibilities which are compatible with the minimum requirements of occupation and control and which ultimately will enable them to assume full governmental responsibility." It was, therefore, proposed that a meeting be held between the military governors and the Ministers-President, when the latter would be authorized to convene a constituent assembly. The constitution to be established, the report continued, "should be such as to enable the Germans to play their part in bringing to an end the present division of Germany not by the reconstitution of a centralized Reich but by means of a federal form of government which adequately protects the rights of the respective states, and which at the same time provides for

adequate central authority and which guarantees the rights and freedoms of the individual." The delegates proposed that the constitution drawn up by the constituent assembly be subject to approval by the military governors and "ratification by the people in the respective states."

It was also agreed that the United States, Great Britain, and France should enter into further discussions "on measures for coordinating economic policies and practices in the combined zone and the French zone." Furthermore, agreement was reached "on the joint conduct and control of the external trade of the whole area."

Three aspects of the problem of security were considered: general provisions; measures during the period in which the occupying powers would retain supreme authority in Germany; and measures after this period. The delegates of the United States, Great Britain, and France "reiterated the firm views of their governments that there could not be any general withdrawal of their forces from Germany until the peace of Europe [was] secured and without prior consultation." Further, the six powers agreed to consult together "if any of them should consider that there was a danger of resurgence of German military power or of the adoption by Germany of a policy of aggression."

During the period of occupation, it was recommended that, to ensure the maintenance of disarmament and demilitarization, the three military governors should set up a military security board in the western zones of Germany to carry out the proper inspections and recommend action to the military governors. It was also agreed that, after the occupying powers had relinquished supreme control, a system of inspection should be established to ensure the maintenance of the agreed provisions of German disarmament and demilitarization.

Concurrently with publication of the six-power communiqué, the United States issued an explanation of the decisions of the London conference. It pointed out that the efforts of the United States to find a solution to German problems had been "thwarted" by the Soviet Union and that, in consequence, Germany had become "sharply divided," with resulting "economic chaos, distress and despair." The Western Powers, it continued, were unable any longer to permit this situation to continue and had therefore consulted together and agreed "that German unity should be reconstructed upon a basis which would ensure German and European recovery within a proper framework of European security and the establishment of

a democratic political organization for Germany."

Secretary of State Marshall announced on June 9 that the United States Government approved and accepted the recommendations of the London conference of the Western Powers respecting Germany. He described the recommendations as "a major step toward a comprehensive solution of the German problem" and "in keeping with the principles of the Potsdam Agreement."

Asked to comment on French criticism that the agreement did not provide sufficient guarantees against the revival of German militarism, Secretary Marshall said that the provision of sufficient guarantees against any new German threat was the basis on which the United States approved the accord. He emphasized that the problem was to achieve a balance between the necessity for a certain economic development in Germany for the good of Europe and of Germany and the possibility that rehabilitation of German industry might some day constitute a threat to Europe. Bearing these considerations in mind, he said, he regarded the London decisions as sound.

In an address in the House of Commons on the 9th, British Foreign Secretary Bevin announced that the Government of Great Britain had approved the recommendations of the London conference. At the same time, he declared that hope of eventual four-power agreement on the economic and political unity of Germany had not been abandoned.

Foreign Minister Bidault defended French participation in the six-power recommendations in a speech to the Assembly on June 11. He expressed "neither enthusiasm nor excuse" but declared: "The choice is between isolation and cooperation--between solitary retreat to a difficult and even dangerous way upon icy mountains compared with walking out with strong companions on well paved routes toward the future we want in common with Europe and the world."

Bidault went on to state that, although France had not gained all it desired on any of the three major points involved--the Ruhr, the political organization of Germany, and security--it had succeeded in obtaining greater concessions than ever before. He pointed out that the arrangements for international control of the key industries of the Ruhr represented the first guarantees of any significance that had been offered to France and that, in the decisions on the political organization for Germany, at least the federal principle had not been thrust aside.

On June 14, the Governments of Belgium, the

Netherlands, and Luxembourg announced their approval of the recommendations on Germany made by the London conference. Three days later, after a long debate, the French National Assembly authorized acceptance of the recommendations by a vote of 297 to 289, with 26 abstentions. The Assembly, however, enjoined the government to continue its efforts in further conversations to reaffirm the necessity for internationalization of the mines and basic industries of the Ruhr; to strive to obtain a long period of occupation of Germany by making the withdrawal of troops conditional on a definite accord on guarantees of peace and the occupation of key districts; to prevent the risk of reconstruction of an authoritarian and centralized Germany; and to continue to seek four-power agreement on the German problem.

Meanwhile, dissatisfaction with the six-power plan had been expressed by the Soviet Union and the Soviet zone of Germany. On June 6, an article appeared in PRAVDA accusing the London conference of completing the division of Germany, and declaring that neither the Soviet Union nor the Germans would ever recognize the legality of the agreement. Poland handed protests against the decisions of the London conference to the United States, Great Britain, and France on June 18. In its note to the United States, the Polish Government protested that other powers besides the six represented at the London conference were concerned in German security problems and asserted that the difficulties that had arisen among the four major powers could be solved. The previous day, the head of the Polish military mission in Berlin had asked the French Military Governor, Gen. Koenig, as chairman for the month, to convene a meeting of the Allied Control Council to enable Poland to state its case on the London proposals.

On June 30, the three Military Governors of the western zone agreed to ask the Minister-Presidents of the states in their areas to call a constitutional assembly on September 1. This was done after the French representative had obtained the assent of the meeting to the French interpretation of each of the clauses of the London conference and had made it clear that neither the Military Governors nor the German states were entitled to act beyond the specifications contained therein.

Decartelization Controls

An Allied directive was issued to the bizonal authorities on June 11, authorizing them to remove some of the controls originally imposed for decartelization purposes. The directive

explained that "government (Allied and German) procedures in business transactions, export, import, and domestic, are so cumbersome that they are detrimental to the revival of German economy." It was added, however, that the proposed decentralization measures should not conflict with the Allies' decartelization policy.

Under the new policy, it was suggested that "industry groups" should be established to allocate materials in short supply. These groups would be controlled by the Bizonal Economic Administration, which would make final decisions on general policy. The directive also provided that the occupation authorities might assign a representative to each industry group, but the stipulation was made that these representatives would "not interfere with or influence any allocation of raw materials as such."

Petition for German Unity

Provisional figures published on June 15 showed that over 13 million signatures had been collected for the "people's petition" for German unity. The Americans and French had forbidden circulation of the petition in their zones and in their sectors of Berlin, but it had been permitted in the British controlled areas. The next day, the People's Council, claiming that the results of the "people's petition" authorized it to do so, made the following three demands upon the Western Powers: (1) recognition of German unity and abandonment of the plan for a western German state; (2) establishment of an all-German constitution, uniform currency, and free elections for an all-German national assembly; and (3) reopening of peace negotiations, withdrawal of occupation troops, and settlement of the reparations question.

Warsaw Meeting of Soviet Satellites

The Soviet Union and seven satellite states (Albania, Bulgaria, Czechoslovakia, Yugoslavia, Poland, Rumania, and Hungary) met at Warsaw on June 23 and 24 and, at the end of their conference, issued a communiqué declaring that they "considered as urgent" the following steps: (1) completion of German demilitarization by four-power agreement; (2) establishment of four-power control over the heavy industry of the Ruhr; (3) creation of a provisional democratic government for the whole of Germany by agreement of the four powers; (4) conclusion of a peace treaty and the withdrawal of the occupation forces in accordance with the Potsdam

decisions; and (5) fulfillment of Germany's reparation obligations.

The communiqué, as broadcast by the Moscow radio on the 24th, declared that "implementation of the policy of splitting and dismemberment of Germany is disrupting the conclusion of a peace treaty with Germany, without which it is impossible to put an end to the protracted state of war and to the occupation regime in Europe." It was charged that the London conference was "aimed at the liquidation of the Council of Foreign Ministers as well as the liquidation of the quadrilateral control body in Germany," and that the currency reform was "erecting a wall" between western and eastern Germany.

Before leaving Warsaw, Soviet Foreign Minister Molotov said that the conference of Eastern European nations had shown what the European nations and Germany itself "should not allow in order to prevent a recurrence of German aggression." He added that only the people's democracies could guarantee to progressive forces in Germany democratization and Socialism.

Tripartite Western Military Government

U S Military Governor General Clay announced on June 25 that a Western Military Government organization to control the projected German government would shortly be established. He also stated that the Anglo-American Coal Control, bipartite agencies dealing with foreign trade, and the bipartite control office would also be reorganized to include the French. Gen. Clay promised the Germans that an occupation statute would be promulgated and that they would be assured certain governmental prerogatives. He said in part:

"It is expected that, subject to the controls specifically reserved by the London conference, the maximum possible power will be delegated to German authorities to enable them to organize a sound foundation for their economy and political institutions, thereby establishing a firm basis for the eventual political and economic unity of the whole of Germany."

Currency Reform

The three western occupation powers announced on June 18 that new German currency, to be known as the Deutsche mark, would be put into circulation on the 20th in place of the Reichsmark. The statement said that the conversion

rate, which would "drastically reduce the total amount of money in circulation," would be published later. At the same time, the import and export of Reichsmarks into the western zones was prohibited. Admitting that the result would be to suspend trade between the eastern and western zones, the financial adviser to the U. S. Military Government said: "It is likely that the Soviet Military Administration will be called upon to work out a new trade agreement to restore a barter-like exchange of goods between the East and the West."

The Allied announcement said that currency reform would not at present be applied to Berlin as it was under four-Power rule, but "all measures" would be taken "to maintain and strengthen Berlin's economic ties with the West, which are vital to the welfare of the city." Meanwhile Soviet authorities halted all railway and road traffic into Berlin to prevent an influx of Reichsmarks into the Soviet zone.

Concurrently with the Allied proclamation, the U. S. Departments of State and of the Army issued a joint statement describing the action taken on currency reform as technical and non-political and as the result of Soviet failure to co-operate in achieving the economic unity of Germany.

The next day (19th), Soviet Commander Marshal Sokolovsky issued a long statement, denouncing the currency reform measures. He declared that the action "completed the division of Germany" and had been taken "against the will and interests of the German people." He asserted that a "uniform currency ... on the basis of a four-power agreement would be possible and necessary," and charged that the Western Powers had had no real intention of seeking agreement on this question but had used the discussions in the Control Council to "cloak secret preparations for a separate currency reform." The Soviet commander issued an order to the effect that neither new nor old marks were to be imported from the west into the Soviet zone or into Berlin, "which is part of the Soviet occupation zone."

Following considerable pressure on the part of German officials, the Military Governors of the three Western Powers signed decrees on June 22 bringing into effect a reform in taxation that considerably reduced the existing scale. (This measure, the Germans had argued, was essential in view of the recently promulgated currency reform.)

Upon the invitation of Soviet Marshal Sokolovsky, the financial experts of the four powers met in Berlin on the 22nd to discuss currency measures to be taken in Berlin and methods of maintaining trade between the eastern

and western zones following implementation of the new monetary policy. The negotiations broke down, however, because, according to General Robertson, the British Military Governor, the Soviet administration "insisted that the authority for the enactment of the currency reform...must be the laws issued by the Soviet Military Administration and it declined to apply the principle of quadripartite authority."

The next day (23rd), the Soviet authorities announced a reform of the currency in the eastern zone and decreed that it should also apply to the four sectors of Berlin. The three Western Powers thereupon announced their decision to introduce the Deutsche mark into Berlin. The Soviet authorities then forbade anyone to carry the new Deutsche mark in any of the four sectors of Berlin and took other steps to prevent it from reaching the zone.

The Military Governors of the Three Western zones published on June 26 the text of a currency law proclaiming a conversion rate of one Deutsche mark for 10 Reichsmarks. At the time, financial authorities in the western zones said that a different rate would be announced in due course for Berlin. They also declared the measures to be initially successful, pointing out that already large quantities of goods had appeared in the stores.

Four-Power Friction in Berlin

The Soviet authorities continued during May to render increasingly difficult the position of the Western Powers in Berlin. On the 5th, the Soviet licensed press announced a number of restrictions on mail from Berlin to the western zones, allegedly for the purpose of "fighting speculation with foodstuffs." A British spokesman declared it to be "a presumption on the part of the [Soviet] zonal administration to issue regulations for Berlin." The next day (6th) the Soviet Union announced that the dispatch of all German freight to the western zones would be stopped until new regulations were issued covering such shipments.

On the 19th, the United States Military Government issued a ban on the distribution of Soviet publications in the American zone. This action came at a time when Soviet-licensed newspapers were pressing the need for German unity, and when American-licensed publications were being confiscated in the Soviet zone. In taking this action, the United States authorities charged that the restrictions imposed by the Soviet military administration violated four-

power agreements that guaranteed free exchange of information. They said that the ban on Soviet publications would not be lifted until the Soviet authorities guaranteed "reciprocal treatment" to publications from the American zone. The following day (20th), the Soviet administration declared the United States order illegal, and demanded that it be rescinded immediately.

Concurrently, the United States authorities announced that Soviet personnel journeying to Frankfurt would in future be refused permission to cross the American zone, thus forcing them to use the circuitous route through the British area. At the same time, the U. S. Military Government disclosed that it had rejected a Soviet request to discuss certain problems relating to traffic on international routes unless the agenda were broadened to include the question of restrictions on military traffic between Berlin and the western zones.

Soviet efforts to control Berlin were intensified in June. Obstructions were continually placed in the way of interzonal travel and the Soviet authorities began the issuance of unilateral orders applicable to the Soviet sector of the city. On June 4, an order was published in the Soviet-licensed press, promising wage increases to workers ranging from 15 to 20 per cent and guaranteeing additional food and improved living conditions. This action was termed by the British commandant "propaganda and a further example of Soviet desire to split the city." At the same time, the British commandant pointed out that such measures had been proposed by the British two months earlier but had been blocked by Soviet maneuvers. On the 17th, the commandants of the three western zones of Berlin authorized twenty per cent wage increases to workers in their sectors of the city. The American commandant said that this action had been taken because "there has been complete failure to reach an agreement on the Allied Kommandatura on an all-Berlin basis."

As the Soviet Union increased its traffic blockade in an endeavor to isolate Berlin from the west, the British Military Government joined the United States Military Government on June 19 in using air transport to fly personnel into the city.

On the 23rd, following promulgation of new currency reforms measures in the western zone, the Soviet authorities placed a complete blockade on rail traffic into the city, allegedly for technical reasons. They also prohibited the supply of electric power to the western sectors, thus cutting off 50 per cent of the power consumption in these areas. The next day, General Clay declared that the Soviet Union was exerting its "final pressure to drive us out

of Berlin" but added: "They can't drive us out by any action short of war as far as we are concerned."

Two days later (26th), American Military Government officials announced that, beginning on the 29th, a greatly increased number of airplanes would begin flying into Berlin, bringing high caloric foodstuffs and medical supplies. At the same time, the British Military Governor asked Marshal Sokolovsky to restore traffic "immediately," since "undue and avoidable suffering" was being imposed on the German people. General Clay sent a note reminding the Soviet commander that the United States was still ready to discuss with the Soviet authorities trade relations between the eastern and western zones.

Meanwhile, in Great Britain, former Prime Minister Churchill declared that the issues raised by the situation in Berlin were "as grave as those we now know were at stake at Munich ten years ago." He pledged his full support to the government "in the stand which ... they have felt bound to make." At the same time, the British Foreign Office reiterated the firm intention of Great Britain to stay in Berlin, in spite of the "ruthless attempt of the Soviet Government to create a state of siege in Berlin and so by starving the helpless civilian population to secure political advantages at the expense of the Allied powers."

In France, Foreign Minister Bidault said on the 26th that the French Government was willing to negotiate with the Soviet Union on Berlin or on a settlement for Germany but was not willing to initiate such discussions. He added that General Clay was not speaking for France when he said that nothing short of war would drive the Allied from Berlin. Premier Schuman (24th) urged the adoption of "conciliatory action without excluding anyone." It was reported on the 28th that as a result of diplomatic exchanges that were taking place between London, Paris, and Washington, France had proposed three power discussions "at Cabinet level."

There was a slight relaxation in the Soviet traffic blockade on the 29th, when it was announced that Germans carrying passes issued before June 19 would be permitted to travel from the western zones into the Soviet area. Because of "the illegal introduction of the new Western currency" into Berlin, however, it was stated that such travellers would not be permitted to enter the city.

The Soviet Commander wrote at the same time to the British Military Governor expressing the hope that it would be possible "to have rail transport back in complete operation, as appears possible and entirely necessary under the

existing difficult conditions" and assuring him that every effort was being made to repair the line from the British zone into Berlin. He expressed his regret over the stoppage of traffic on the Berlin-Helmstedt highway but declared that this was due to the introduction of the separate currency reform in the western zones. At the same time, he voiced his appreciation of the measures that the "British and Americans have so energetically put into operation for maintaining an air link with the western zones."

In the meantime, the United Nations Secretary General asked the five permanent members of the Security Council to indicate whether they wished the Berlin problem to be considered in the Council, but Britain, France, and the United States replied that for the present it should be left for negotiation among the occupying powers. The Soviet Union did not reveal its attitude, and the Chinese delegation said that it had received no instructions from its government. Therefore, the Secretary General announced on the 29th that he did not plan to take any action at the present time.

As the month ended, Great Britain and the United States reiterated their determination not to withdraw from Berlin and to exert the maximum effort to supply the city by air. In the House of Commons on the 30th, British Foreign Secretary Bevin said: "We recognize that, as a result of these decisions, a grave situation might arise. Should such a situation arise, we shall have to ask the House to face it. The British Government and the Western Allies can see no alternative between that and surrender and none of us can accept surrender." The Conservative party expressed in the strongest terms its full support of the government position.

On the same day, U. S. Secretary of State Marshall made the following statement:

"We are in Berlin as a result of agreements between the Governments on the areas of occupation in Germany and we intend to stay. The Soviet attempt to blockade the German civilian population of Berlin raises basic questions of serious import with which we expect to deal promptly."

ITALY

Election of President

The Senate and Chamber of the new Italian legislature each met to elect its president on May 8. By a vote of 198 to 111, former Premier Bonomi, a moderate Socialist and the govern-

ment candidate, was chosen president of the Senate. The Chamber also appointed the government choice, Christian Democrat Gronchi, who received 314 of the 516 votes recorded.

Three days later (11th), Senator Luigi Einaudi, first Vice Premier and Minister of the Budget in de Gasperi's government, was elected President of Italy at a joint session of the Senate and the Chamber of Deputies. He received 518 votes as against 320 cast by the left wing parties and extreme right wing elements for ex-Premier Victor Emanuel Orlando. Einaudi was elected following Enrico de Nicola's announcement that he would not run for re-election and Foreign Minister Count Sforza's decision to withdraw his candidacy, when he failed to obtain the support of the right wing Socialists.

Einaudi was sworn in as President on May 12, and his first act was to refuse to accept the resignation of Premier de Gasperi. The Premier began a reorganization of his cabinet, completing the task on May 23.

Italo-Yugoslav Frontier

It was announced on May 20 that, as a result of the failure of the Italo-Yugoslav boundary commission set up under the Italian Peace Treaty to determine the delimitation of the frontier between Italy and Yugoslavia, Italy had asked the United States, Great Britain, the Soviet Union, and France to intervene. In a note to the four powers dated May 18, the Italian Government referred to the "impossibility of reaching a direct Italo-Yugoslav agreement regarding the procedure for the definite delimitation of the Italo-Yugoslav frontier," and claimed that the Yugoslavs had more than once encroached on Italian territory, thus creating a "most unpleasant situation" at the border.

Policy of New Government

Premier de Gasperi outlined his new program to the Chamber of Deputies and the Senate on June 1. He announced that the Italian Government intended to introduce land reforms that would greatly increase the numbers of small landowners. He also said that land reclamation projects would be undertaken that would be financed by the proceeds of sales of European Recovery Program commodities.

The Premier declared it to be essential to bring down prices to the level of Italy's competitors and appealed to employers and workers to co-operate in realizing this objective. He

promised that every effort would be made to reduce unemployment and revealed that talks were proceeding in Washington with a view to increasing Italian emigration to South America, while plans for large-scale development of public works in Central Africa were being discussed with the British and other governments.

De Gasperi also announced that the government would initiate legislation controlling the right to strike, and said that strict enforcement of the laws prohibiting unauthorized armed organizations would be carried out. He described the financial situation as serious but not alarming, and said that the budgetary situation would be gradually improved by the elimination of a number of exceptional expenses. He added that the food situation had improved to such an extent that Italy would shortly be able to abolish rationing of everything except bread and "pasta."

The Premier said that his foreign policy program would be closely linked with the European Recovery Program, and that he would co-operate to the maximum possible extent in the international field. He added that a plan for Italo-French economic union would be submitted to the parliaments of France and Italy in October.

Italo-American Treaty

The Treaty of Friendship, Commerce, and Navigation between the United States and Italy was ratified by the Senate on June 5.

Approval of Budget

In a statement on the financial situation in the Chamber of Deputies on June 18, Signor Pelli, Minister of the Treasury and temporary Minister of the Budget, said that the current financial year would close (June 30) with a deficit of 726 billion lire, as against a deficit in 1947 of 568 billion. The Minister said that, although a balanced budget was not impossible, it could not be achieved in a year, since such an effort would impose sacrifices on the people that would retard economic recovery. He warned, however, that payment of heavier taxes would be required and that it would be necessary to reduce expenditure by abolishing subsidies on such items as food and fuel. The budget was approved on June 22 by a vote of 242 to 52.

NETHERLANDS

Abdication of Queen

It was announced on May 12 that Queen Wilhelmina of the Netherlands had decided to

relinquish the throne to her daughter, Princess Juliana, shortly after the celebration of the Queen's golden jubilee in September 1948.

SPAIN

German Assets in Spain

The Department of State announced on May 8 that negotiations between the United States, Great Britain, and France, on the one hand, and Spain on the other, had "resulted in an accord relating to German assets in Spain which are to be expropriated as [a] ... potential ... danger to peace, and as an expression by the Spanish Government of [its] adherence to the principles ... of the Conference of Bretton Woods." Of the proceeds of these assets (valued at approximately \$80 million), a portion will go to the Spanish Government for the adjustment of German debts to Spain, and the balance will accrue to the Allies.

Agreement was also reached concerning identifiable looted gold acquired by the Spanish Government. The announcement said that, although unaware of its origin at the time of acquisition, Spain was prepared to make immediate restitution of all looted gold in its possession. In consequence, the international movement of gold held by the Spanish Government was freed from the restrictions of the Gold Declaration of February 22, 1944. The Spanish Cabinet affirmed at the same time that full commercial relations would be resumed with western Germany, including the re-establishment of consulates. On May 28, as a consequence of this agreement, the United States removed controls over the remittance of money to Spain on current transactions and unblocked Spanish property in the United States.

Security Council Action

In spite of Soviet protests, the United Nations Security Council refused on June 25 to reopen the Spanish case. Toward the end of 1947, the General Assembly had expressed "confidence" that the Council would "exercise its responsibilities under the Charter as soon as it considers that the situation in regard to Spain so requires."

The Argentine delegate argued in the Security Council that the matter was one of internal jurisdiction and therefore outside the competence of the United Nations. The President of the Council suggested that the situation in Spain had not produced any new elements, and that the Council should, therefore, only take note of the resolution of the Assembly. He was supported in his stand against discussion of the

case by the British and American delegates, the latter declaring that there was "no action which the Security Council [was] called upon to take."

The Soviet Union and the Ukraine expressed the view that the Council could not "take a decision to take no decision," without discussion of the substance of the Spanish question. The Soviet Union especially criticized those countries that were content to look upon the Spanish situation as "quite customary and normal," and maintained that it was the responsibility of the Council to add the item to the agenda and thus permit full debate. However, in a vote on the inclusion of the item on the agenda, the Soviet Union and the Ukraine voted favorably, the Argentine in opposition, and the eight other members abstained.

TRIESTE

United Nations Report

The United Nations made public on May 25 a report from the Commander of the British-American zone of Trieste, covering the first three months of 1948. The report stated that these months had been generally more "tranquil" than the previous ones although the period under review had opened with determined attempts by communist elements to provoke a general strike.

The Commander, whose survey covered political, economic, and social developments during the three-month period, summed up his conclusions as follows:

"I am convinced that the large majority of all sections of the population of the Zone received the proposal of 20 March 1948 by the Governments of the United States, United Kingdom and France, that the Free Territory should be returned to Italian sovereignty, with enthusiasm and a deep sense of relief. It must be clear beyond all doubt that this relief is tempered with the reasonable hope that the territory will be returned in such a manner as will allow Italy to establish the security of the areas now under foreign protection before the withdrawal of the Allied troops.

"There can be no healthy economic revival or political stability until the future of the Free Territory is firmly settled and the present uncertainty brought to an end. While the existing situation prevails, the industry and commerce of Trieste can only be kept alive by means of a form of artificial respiration. I believe that a natural and

robust economic recovery can only begin when the territory is regrafted on to the body of Italy, which alone is likely to restore life to its shipyards and kindred industries."

Proposed Return to Italy

The United States, Great Britain, and France sent notes to the Soviet Union on June 1 asking

for suggestions on the procedure to be adopted in effecting the return of Trieste to Italy. The American note, which reminded the Soviet Union of a similar request made on April 16, reiterated the view of the United States Government "that the protection of the rights and interests of the people of the Free Territory requires the very early resolution of the problem."

EASTERN EUROPE

Two developments during June of regional significance in Eastern Europe should be especially noted. The first of these is the Cominform denunciation, late in the month, of Marshal Tito and his principal followers in Yugoslavia, of which an account is given below under the section devoted to that country. The second is the Warsaw meeting of the Foreign Ministers of the Soviet satellite states that was held on June 23 and 24 for the purpose of co-ordinating their policy in light of the Western powers London agreement on Germany. An account of this development is given above in the section covering events in Germany.

DEVELOPMENT OF THE SOVIET ORBIT

Soviet Reduction in Reparations

Early in June, the Soviet Union indicated its intention to reduce reparation payments due from several of its satellite states.

The Finnish Premier, Mauno Pekkala was advised by the Soviet Minister in Helsinki on June 3 that the Moscow Government had decided to cancel half the remaining reparations--approximately \$75 million--to be remitted by Finland. In addition, on the following day, Finland accepted a Soviet offer of a \$5 million loan at 2 per cent interest, repayable in currency other than dollars.

The Rumanian Government announced on the 4th that Premier Petru Groza, in a letter to Premier Stalin of the Soviet Union, had requested a cut in the \$300 million reparations owed by Rumania under the terms of the peace treaty. The Hungarian Government made a similar request on the same day.

IZVESTIA and PRAVDA said on June 9 that a "tremendous rise in [Soviet] national economy made such reductions possible. At the present time the Soviet Union has the possibility of strengthening its economic help to those nations which conduct friendly relations with it."

By the close of June, however, there were no reports that Bulgaria, the remaining former enemy state now in the Soviet orbit, had as yet asked for similar concessions.

DANUBIAN REGIME

Proposal for Conference on Danube Convention

The United States sent notes to Great Britain, France, and the Soviet Union on May 25, proposing that a conference be convened on July 30 in Belgrade to negotiate a new convention for navigation on the Danube. In announcing this action the following day, the Department of State declared that "absence of agreement on a new convention facilitating effective intercourse in this important sphere leaves it an unsettled area in international relations where constructive cooperation is sorely needed."

The United States note pointed out that the Balkan peace treaties contained commitments to the principle of freedom of navigation for the Danube. It added that the Council of Foreign Ministers had agreed in December 1946 to call a conference to implement these commitments within six months of the coming into force of these treaties--that is, by March 15, 1948. They had also agreed that participants should be the four major powers, Bulgaria, Czechoslovakia, Hungary, Rumania, the Ukraine, and Yugoslavia, and that Austria should take part after the Austrian treaty question had been settled.

The statement also said that the United States had taken the initiative in proposing these talks on February 27, when it had addressed notes to the three European Powers suggesting that a meeting be called at the "earliest practicable time." It was further revealed that the United States had urged full participation of Austria "based on the importance of Austrian interests as a major riparian nation and the part Austria can play in development of more abundant commerce beneficial to all Danubian interests." The statement added that Great Britain and

France had agreed to the American proposal but the Soviet Union, although recognizing the "grave importance" of settlement of questions relating to navigation on the Danube, refused to set a time for the conference in view of Austria's "unresolved status."

On April 12, the United States had again urged the importance of Austrian participation, the announcement continued, and, reiterating its desire for an early conference, the United States had proposed a preliminary exchange of views between the four powers in Washington. Replying on May 8, the Soviet Union rejected the suggestion that preliminary discussions should be held in Washington, and once more refused to agree to Austrian participation. The Soviet Union said, however, that it understood Yugoslavia would "make it possible for a Danube conference to be held in the city of Belgrade," and recommended that a conference convene there on May 30. But the American note of May 25 proposed "the [more] practicable date of July 30" and again urged Austrian participation, at least in a consultative capacity.

The Department of State announced on June 15 that the Soviet Union had accepted the United States proposal to hold a conference on the Danube on July 30. The Soviet note, dated June 12, also agreed to Austrian participation "in a consultative capacity." The note added that Yugoslavia had informed the Soviet Union that it would be difficult to provide the necessary facilities for a conference in Belgrade on the proposed date, and the Soviet Union, therefore, suggested that it should be held in another place.

A further exchange of notes indicated that there had been some misunderstanding concerning the possibility of holding the meeting in Belgrade. The Department of State announced on June 21 that Yugoslavia, the Soviet Union, and the United States were agreed that the ten nations who were to participate in the conference should convene in that city on July 30.

CZECHOSLOVAKIA

Adoption of New Constitution

A new Constitution was adopted by the Czechoslovak Parliament on May 9 by a vote of 246 to 0, with 54 absent. Communist Premier Gottwald declared that "without the Soviet Union, this new Constitution would not have been possible."

Security Council Action

The Security Council, on May 21, resumed consideration of the Chilean complaint against

Czechoslovakia. Dr. Papanek--former permanent representative of Czechoslovakia to the United Nations--charged, for the second time before the Council, that the Communist seizure of power had been achieved with the aid of Soviet authorities; that the Czech delegation to the 1947 General Assembly had been completely under the control of Soviet Deputy Foreign Minister Vishinsky and Soviet Delegate Gromyko; and that no Czech minister or ambassador could be appointed "without clearance from Moscow." Soviet Representative Gromyko immediately replied that the charges were "a complete invention."

At the same meeting, lengthy discussion ensued concerning the Chilean resolution which called for the establishment of a three-member subcommittee of the Council "to receive or to hear evidence, statements and testimonies and to report to the Security Council at the earliest possible time." The question was raised whether the resolution was procedural or substantive and debate on this point followed. No vote was taken on the question at this session, however, and the Council adjourned.

When the Council met on May 24 to consider the problem further, the Soviet representative employed the so-called "double veto" to prevent the adoption of the Chilean proposal. The veto was first used in order to prevent a procedural vote being taken to create the proposed subcommittee. The veto was then used on the direct issue of establishing the investigating subcommittee.

After stressing that the "blocking action" in the Czech case did not dispel the "grave charges" that had been made, U.S. Representative Austin said that "the double veto in this case has attempted to defeat clear, comprehensive presentation of facts on the Czechoslovak case to the world. Responsibility for this falls on the Soviet Union." The American representative also said that his delegation would place before the Security Council statements by responsible Czech officials exiled since the coup d'état. He urged other governments to take similar action.

Parliamentary Elections

In preparation for the Parliamentary elections, the National Front, on May 24, began a campaign of "concentrated personal persuasion" to instruct voters on election questions. Government supporters pointed out that to cast white (blank) ballots in the single ticket election would be tantamount to treason.

The election on May 30 was orderly and there were no reports of any demonstrations either

in Prague or any of the provinces. According to official figures released the following day, the National Front received 6,431,963 valid votes out of a total of 7,204,256--a percentage for the whole country of 89.25. White (blank) ballots were reported to be 772,293, while the total of unused votes was 1,537,924.

The first meeting of the new Parliament on June 10 disclosed the distribution of seats as a result of the May elections. The single list, as drawn up by the Central Action Committee, received well over a two-thirds majority--214 of the 300 Deputies in the Parliament being Communists. Other parties represented were: 23 Social Democrats, who will become members of the Communist party on June 27 when the Social Democratic party is fused into the majority party; 23 People's party; 23 Czech Socialists; 12 Slovak Rebirth party members; and 5 Slovak Freedom party representatives.

Benes' Resignation

Under the law, 30 days were granted in which President Benes could affix his signature to the new constitution adopted on May 9. One day before the dead-line (June 8), Benes submitted his resignation without having signed the constitution. In a letter to Prime Minister Gottwald, Benes stated:

"On May 4 I announced to you my decision to resign the presidential office. We discussed my decision at that time in connection with the problems of the general political situation. I also told you that the doctors recommended me to take my present state of health into consideration. ..."

An official statement released in Prague on the same day (7th), disclosed that the new Assembly would hold its first session on June 10 to appoint a successor to Benes, and would then meet again on the 14th to elect the new President. In the interval, the Prime Minister was authorized to act in his place. Premier Gottwald on the following day (June 8) signed the Constitution which Benes had refused to approve before his resignation.

On the 9th, the central committee of the Czechoslovak Communist party advised that Gottwald would be the next Czech President, and that Deputy Premier Antonin Zapotocky (Communist chief of the General Confederation of Labor) would be named Premier. Gottwald was officially elected President on June 10 by a Parliamentary show-of-hands vote, 296 out of 300. The new Prime Minister, Antonin Zapotocky, received formal approval of his Cabinet on the 15th. M. Fierlinger (Social Democrat) was named a Deputy Premier, and Vladimir Clementis (Communist) was appointed Minister of Foreign Affairs.

Zapotocky advised the Parliament on the following day that Czechoslovakia's entire industrial and agricultural system would be reconstructed "to eliminate every vestige of the capitalistic system"; that the legal and judicial system would be revised to remove all traces of "capitalistic" law; that a purge of the officers' corps of the army would be completed; the Communist-dominated police built up; and a complete transformation of the educational system undertaken. The Premier also stated that the foreign policy of the country would be based on "its alliances with the U.S.S.R., and with the people's democratic states" of Eastern Europe.

FINLAND

Cabinet Crisis

The Finnish Parliament on May 19, by a vote of 81 to 61, passed a motion of "no confidence" in the communist Minister of the Interior, Yrjoe Leino. The action was taken on the ground that he had extradited 10 Finnish and 10 former Soviet citizens to the Soviet Union in April 1945, without Cabinet authorization. Although under the constitution of Finland a cabinet member receiving such a nonconfidence vote is forced to resign, Leino ignored the vote of Parliament and refrained from resigning. President Paasikivi, therefore, dismissed him on the 22nd.

The former Minister's departure was the signal for a wave of communist-inspired strikes and protest meetings. By the 24th, shipping was paralyzed by a walkout of dock workers in most of the important Finnish ports. On the same day, the People's Democrat party, a coalition of Communists and extreme Socialists, sent out strike notices as a prelude to a general strike to be called for May 25 unless President Paasikivi immediately appointed another Communist to the Interior Ministry position.

In a meeting on the evening of the 25th in Helsinki--with the communist drive continuing as scheduled--the Cabinet failed to agree on a successor to former Minister Leino. The next day, however, the crisis was brought to an abrupt conclusion when, yielding to communist pressure, the President and his Cabinet named Eino Kilpi, a member of the communist-dominated Popular Democratic Union, to the post of Minister of the Interior. Also, the dismissed Leino's wife, Hertta Kuusinen, was nominated for the post of Minister without Portfolio. "Political circles" said the capitulation was prompted by "Moscow pressure exerted through the Soviet envoy in Helsinki."

The strikes were called off following the communist victory, although it was suggested

that domestic calm was "just a short breathing spell" in view of the Diet elections scheduled for July 1.

Finnish-Soviet Pact

The instruments of ratification of the Finnish-Soviet Treaty of friendship and mutual assistance (signed on April 6) were exchanged at Helsinki on May 31 in accordance with the provisions of the pact, which thereupon entered into force.

HUNGARY

Nationalization of Schools

The Socialist and Communist press in Budapest on May 9 published the full program of the United Workers' Party (to be established officially after the fusion of the two parties in July). In addition to dealing with issues of taxation, unemployment, farming and industry, all schools were scheduled to be nationalized and religious teaching abolished.

The Primate of Hungary, Cardinal Mindszenty, on the 15th threatened excommunication of Catholics who supported the plan. The Cardinal declared the Church would not abide by "tyrannical orders," and would fight to retain control of the schools.

A State Commission, appointed to discuss a settlement of the question with both Catholic and Protestant Churches in Hungary, began negotiations on May 21. Talks proceeded with Protestant delegates whose attitude was said to be "not unfriendly," but discussions with the Catholic Church were postponed for reasons described as "evasive" by the Hungarian Government. From Rome on the 30th, Pope Pius XII urged the Hungarian people to continue their opposition to the anti-clerical campaign and against those "who would deny the name and majesty of God [and] attempt to delude you through cunning, falsehood and deception."

Angered over the State nationalization plan, a number of Hungarian villagers attacked the police station in Pocspetri on June 5 and killed one policeman. On the same day, the Minister of Education sent a letter to Cardinal Mindszenty accusing the Catholic Church of "country-wide agitation" against the nationalization of parochial schools.

In reply, Cardinal Mindszenty said--in a pastoral letter read in all Catholic Churches--that "to the bitter disgrace of this country, falsehood, deceit and terror were never greater in the course of its history." He urged all Catholics to stop reading newspapers of the

Government parties, and to cease listening to Hungarian broadcasts.

Following a second village demonstration, the Interior Ministry on June 8 called a meeting of Mayors and Council heads throughout Hungary and warned them they would be held responsible for any further disturbances. The next day, Cardinal Mindszenty advised the Minister of Education that the Catholic Church would be willing to send representatives to a State conference when "serious conditions" existed.

On the 10th, the Cabinet approved the draft school nationalization bill. It provided that all property of denominational schools would be taken over by the state, and authority assumed over teachers. Cardinal Mindszenty immediately ordered special masses for June 18, the date on which the nationalization measure was scheduled to become effective, as a protest against the move. However, on the 13th, he sent a further letter to the Government wherein he accepted an invitation to appoint delegates to negotiate.

The bill became law on June 16 when it was passed by a parliamentary vote of 230 to 63. A Roman Catholic Bishop in Budapest on the 18th issued a pastoral letter to teachers in the church schools telling they might decide "according to their conscience" whether to continue teaching under nationalization.

A pastoral letter from Cardinal Mindszenty was read in all the Catholic churches in the on the 20th. It declared: "We solemnly protest against this action in the name of the human rights of parents, in the name of the churches' right for education and in the name of the right and freedom of education. We can never give up our right, and we shall never cease to claim it back through legal means." The Cardinal's secretary said on June 24th that all Catholic deputies who cast a positive vote for the nationalization measure, were "automatically excommunicated." It was announced on June 28 that the Cardinal had been enjoined by the Government from making any more public addresses against the nationalization of the church schools. It was made clear to him that should he do so, his followers would be arrested by the thousands.

Communist Call for Party Purge

The General Secretary of the Hungarian Communist Party, Matyas Rakosi, writing in the June 1 issue of the official organ of the Cominform, presented an analysis on the state of the Communist parties in Eastern Europe. He said the time had arrived for the parties to be

which have since turned out to be correct." The corrective measures needed, the General Secretary added, were such as had been taken in the Soviet Union: party purge, temporary nonacceptance of members, the raising of "education" and an extension of Marxist-Lenin propaganda.

reorganized into smaller and more effective "striking forces." Concerning the Hungarian Communist Party, he observed that there had been a too rapid increase in its membership during 1947. "We are not happy about this," Rakosi wrote, "[since] some of our comrades [lacking 'political education'] begin to waver whenever we are faced with an unpopular task, such as the introduction of new forms of work

Merging of Political Parties

The Socialist and Communist parties held their final independent congresses on June 12, and decided to merge. Socialist leader Arpad Szakasits said: "We have entered the path of Lenin and Stalin with pressure." The Communist chief, Matyas Rakosi, however, said that the Socialist masses had accepted the policy of Lenin and the ideology of the Communist party, and he added that before the merger, about 25,000 Socialist party members and "tens of thousands" of Communists had been weeded out.

Nationalization of Agriculture

It was reported in Budapest on June 30 that a bill was being drafted for the creation of "agricultural cooperatives," to be presented to the parliament in the fall. This measure would reverse the land reform plan of 1945, which converted Hungary's large estates into small units, and would collectivize agriculture in this country.

POLAND

Formation of United Peasant Party

The Leftist Peasant Party and the Polish Peasant Party signed a pact on May 10 for united action and co-operation in all political matters and for "close friendship" with the Soviet Union and the other Slav states. The United Peasant Party, it was stated, would form part of the government bloc. On the 21st, the Parliament approved the inclusion in the State Council (which holds the right to legislate by decree when Parliament is not in session) of Joseph Niecko, the new party leader.

Free Zone Granted Czechoslovakia

The Polish Government announced on May 13 that Foreign Minister Vladimir Clementis of Czechoslovakia had arrived in Warsaw for political and economic talks, and to open the free zone granted by Poland to the Czech Government for transit traffic in the new Polish port of Szczecin--formerly Stettin.

Mixed Nationality Commission

Through its Embassy at Warsaw, the United States notified Poland on May 25 of its desire to terminate the activities of the Mixed Nationality Commission, established in June 1947, to weigh claims to American citizenship being made by approximately 20,000 persons residing in Poland. The United States said that since none of the objectives of the Commission had been realized, future claims of American citizenship would be handled through normal diplomatic channels.

The Department of State pointed out that the "already difficult work of the Commission was further complicated when the Polish Foreign Office on April 12 notified the American Embassy of a recently evolved official interpretation of the Polish nationality law wherein the Polish Government takes the position that all persons born abroad of Polish parents are Polish citizens exclusively regardless of date of birth." The Department further said that the United States reserved "the exclusive right to determine the validity of claims of any persons to United States citizenship and does not admit the right of any government to decide this question."

The Polish Government answered the Department on the 29th. It charged that the United States by its action was attempting to deter Americans of Polish descent from visiting that country. It was stated that "no question was ever raised between the two Governments regarding the American citizenship of persons arriving from the United States with American passports and visas issued by Polish consular officers. There is no foundation for frightening American citizens of Polish descent."

Polish-Bulgarian Pact

A twenty-year treaty of friendship and mutual assistance was signed by Premier Joseph Cyrankiewicz and Foreign Minister Zygmund Modzelewski for Poland, and by Premier Georgi Dimitrov and Foreign Minister Vassil Kolarov for Bulgaria in Warsaw on May 29. By this pact, the two governments pledged one another immediate aid in the event of an

attack by Germany or "any of her allies." It further provided for consultation on international problems that might be considered a threat to the peace, and for the extension of cultural and economic relations. The treaty was said to be similar to those that Poland has already signed with the Soviet Union, Czechoslovakia, and Yugoslavia.

FAO Report on Poland

The Food and Agriculture Organization Mission for Poland reported on June 14 that the food supply, agriculture and forestry of that country were in a state of "emergency," but that there were great possibilities for improvement. However, the mission reported that any improvement depended "on the permanent adoption of policies and practices widely at variance with some of those that have been traditional in Poland, and equally at variance with some that have been recently devised."

RUMANIA

Nationalization Measures

Prime Minister Petru Groza announced in the Grand National Assembly on June 11 that the Cabinet Council--following a special session--had approved legislation nationalizing practically all major industries in the country. The legislation was approved in the Assembly by acclamation.

Altogether 1,068 business enterprises were declared to be state property, including ore and oil refineries, iron and heavy industries, rolling mill industries, metallurgic plants, naval construction plants, technical, transport and electric enterprises, coal and natural gas companies. These all came under state ownership without the state being forced to pay any indemnity.

YUGOSLAVIA

Strengthening of Armed Forces

Vice Premier Edvard Kardelj stated on May 3--while addressing the second post-war congress of the Liberation Front at Ljubljana--that the Yugoslav Government was strengthening "to the utmost possible under present conditions" the nation's armed forces. The program was justified on the ground of the "warmongering actions of Western powers." The equivalent of \$330 million had been recently voted by the Parliament for military expenditures--a 25 per cent increase over the 1947 allotment.

In another move to increase the military

potential, the government released on June 3 regulations ordering pre-military training for all boys and girls under military service age.

Government Dismissals

A notice in the Yugoslav Government's Official Gazette on June 2 gave an explanation respecting Sreten Zhujovich, former Minister of Finance and one-time deputy commander-in-chief to Marshal Tito, who had been dismissed from the Ministry at the close of April. The notice stated: "On the proposition of the Yugoslav High Command it has been decided that General Zhujovich, on account of his hostile and anti-national work, by which he has damaged the interests of our State and the prestige of a reserve general of the Yugoslav Army, shall be deprived of his rank as reserve general of the Yugoslav Army."

The announcement lent support to "current reports" that the government and the Communist party were being purged of "unreliable elements and deviationists." Andrija Hebrang, former president of the State Planning Commission, was dismissed at the same time as Zhujovich.

Grain Surrender Schedules

Pursuant to schedules published on June 3, Yugoslav peasants were ordered to surrender to the State at fixed rates 10 to 85 per cent of the 1948 grain crops, according to the acreage of arable land. Penalties, including fines up to the equivalent of \$1,000 or three months' imprisonment, were threatened for any violators of the schedules.

Cominform Denunciation of Marshal Tito

In an official communiqué, published in the Czechoslovak newspaper RUDE PROVO on June 28, the Communist Information Bureau denounced Marshal Tito's leadership of Yugoslav communists. The lengthy statement, which accused Tito and his top aides of having undertaken "an entirely wrong policy on the principal question of foreign and internal politics," had been adopted at a secret meeting of the Cominform held earlier in the month in Rumania. The Prague statement indicated that delegates from Bulgaria, Rumania, Hungary, Poland, the Soviet Union, France, Czechoslovakia, and Italy had attended the session. Yugoslav communists, among the Cominform's founders, were not in attendance. The text of the declaration follows in part:

"The Cominform asserts that the leadership of the Yugoslav Communist party has lately been undertaking an entirely wrong policy on the principal questions of foreign and internal politics, which means a retreat from Marxism-Leninism. In connection with that, the Cominform accepts the process of the Central Committee of the All-Communist Union of Bolsheviks, which assumed the initiative in unveiling the wrong policy of the Central Committee of the Communist party of Yugoslavia and especially the wrong policy of Comrades Tito, Kardelj [Vice Premier], Djilas [propaganda chief], and Rankovitch [Interior Minister].

"The Cominform finds that the leadership of the Yugoslav Communist party creates a hateful policy in relation to the Soviet Union and to the All-Communist Union of Bolsheviks.

"In Yugoslavia an undignified policy of underestimating Soviet military specialists was allowed. Also, members of the Soviet Army were discredited. Private Soviet specialists in Yugoslavia were submitted to a special system under which they were put under guard of the organs of state security, and they were watched. The same system of guarding and watching was used in the case of the representative of the All-Communist Union of Bolsheviks in the Information Bureau, Comrade Judin, and of many of the official representatives of the Soviet Union in Yugoslavia.

"All these facts prove that the leading persons in the Communist party of Yugoslavia took a standpoint unworthy of Communists, on the line of which they began to identify the foreign policy of the Soviet Union with that of the imperialistic powers, and they treat the Soviet Union in the same manner as they treat the bourgeois states. ...

"Leading Yugoslav politicians are carrying out a wrong policy in the villages, ignoring the class differences in the villages and are considering [a wrong] doctrine about classes and the class struggle, despite the well-known Lenin precept that a small individual economy inexorably gives birth to capitalism and the bourgeoisie.

"But so far the political situation in the Yugoslav countryside gives no reason for self-appeasement and carelessness. In conditions such as those in Yugoslavia, where an individual peasant economy prevails, where nationalization of the soil does not exist, where private property of the soil is the law and where everyone is allowed to buy and sell the soil, where considerable land is

concentrated in the hands of...kulaks [rich peasants who resist collectivization], where people are hired for work, it is not possible to educate a party [that tries to] camouflage the class struggle and to appease. ...

"The Cominform is sure that the leadership of the Yugoslav Communist party is revising the Marxist-Leninist theory about the party. According to the theory of Marxism-Leninism, the party is the leading basic power in the country, had its separate program and does not dissolve in the non-party mass. The party is the highest form of organization and the most important tool of the working class.

"In Yugoslavia, however, the People's Front, not the Communist party, is considered the leading force. The Yugoslav leaders undervalue the role of the Communist party and, in fact, have left the party dissolved in the People's Front, which includes quite different classes ...

"The Information Bureau maintains that such a policy of the Central Committee of the Communist party of Yugoslavia endangers the very existence of the Communist party and, after all, contains a danger of degeneration of the Yugoslav People's Republic."

The communiqué continued that when the Central Committees of other Communist parties "as a brotherly help to the Yugoslav Communist party" voiced criticism of faults committed, the Yugoslav leaders took a "hostile standpoint," and "kept the criticism of their wrong policy from the party and from the people, and they kept secret also their actual reasons for settling their accounts with Comrades Zujovitch and Hebrang." The Cominform also charged that the top Yugoslav leaders "proclaimed in magnificent declarations their love and devotion to the Soviet Union, although it is known that they have been carrying out a hateful policy toward the Soviet Union." The declaration continued:

"With regard to the situation created ... and in an effort to grant the leaders of the Yugoslav Communist party a possibility of finding a way out of the situation, the Central Committee ... and other Central Committee of other brotherly parties [decided] to discuss the situation in the Yugoslav Communist party at a meeting of the Information Bureau under the same formal party principles under which activity of other Communist parties had been discussed at the first meeting. But [to] the various proposals ... the Yugoslav leaders answered with a refusal. ...

"The Information Bureau finds that as a

result of all this, the Central Committee of the Communist party of Yugoslavia puts itself and the Yugoslav Communist party outside the family of brotherly Communist parties, outside the united Communist front and, therefore, outside the ranks of the Information Bureau."

In a concluding summary statement, the Information Bureau advised that the aim of "sound elements" in the Yugoslav Communist party was to "force their present party leaders to confess openly and honestly their faults and correct them; to part from nationalism; to return to internationalism and in every way to fix the united Socialist front against imperialism. Or if the present leaders of the Communist party of Yugoslavia prove unable to do this task, to change them and to raise from below a new internationalistic leadership of the Communist party of Yugoslavia. The Information Bureau does not doubt that the Communist party can fulfill this task."

The next day (29th), in a point-by-point refutation of the Cominform charges, the Central Committee of the Yugoslav Communist party "defied" the Information Bureau. Calling upon party members to close their ranks around Yugoslavia's leaders, a reply was broadcast from the Belgrade radio by Tanjug, the official Yugoslav news agency. Following are excerpts from that reply:

"... the Central Committee of the Communist party of Yugoslavia could not carry on [any] discussion on the basis of ... charges put forth by the Central Committee of the All-Union Communist party (Bolshevik) grounded on slanders, fabrications and the absence of knowledge of the situation in Yugoslavia.

"Until the facts were ascertained and the untruths separated from the real principles of the objections either on the part of the Central Committee of the All-Union Communist party or any other Central Committee parties, members of the Information Bureau in connection with the publication of the mentioned resolution of the Information Bureau, Central Committee, Communist party of Yugoslavia, declared as follows:

"1. The criticism expressed in the resolution is based on incorrect and unfounded assertions, and represents attempts to impair the prestige of the Communist party of Yugoslavia, both abroad and at home. ...

"2. The resolution, without giving a single

proof, asserts that the leadership of the Communist party of Yugoslavia is conducting a hostile policy toward the Soviet Union. The contention that Soviet military specialists are belittled and that civilian technicians were subjected to shadowing by security organs is entirely devoid of truth. ...

"3. The resolution criticizes the policy of the Communist party of Yugoslavia with respect to the conduct of the class struggle, especially against the mutual policy of the Communist party of Yugoslavia. ...

"The Central Committee (Yugoslav) refutes assertions that the leading factors of the Communist party of Yugoslavia are swerving onto the road to a kulak party, on the road of liquidation of the Communist party of Yugoslavia, that there is not democracy in the party, that methods of military leadership are being fostered in the party, that party members' essential rights are violated and that mildest criticism of incorrectness in [the] party is met with severe repercussions. ...

"The Central Committee of the Communist party of Yugoslavia calls upon party members to close their ranks still further in the struggle for realization of party line policy and still further strengthening of party unity and calls upon working-class and other working masses rallied in the People's Front to continue with even greater determination the work of construction of our Socialist homeland.

"That is our only way to prove in practice the injustice of mentioned accusations."

On the last day of June the Central Committee of the Communist Party of Yugoslavia, in a "defiance" of the Communist Information Bureau, inserted the following demand in the party's new program:

"The Communist party of Yugoslavia will strive for the closest ties of cooperation with the People's Republic of Bulgaria and the People's Republic of Albania and work for the establishing of conditions of unity of the Bulgarian, Albanian and Yugoslav peoples on the principle of national equality."

Accompanied by high army and security officials, Marshal Tito appeared in Belgrade on the afternoon of the 30th where he received a public ovation. He was said to have directed the struggle against the Information Bureau from an island retreat off the Adriatic coast.

IV. MIDDLE EAST AND AFRICA

The geographical area of the Middle East and Africa has been arbitrarily divided into three sub-regions--the Eastern Mediterranean, North and West Africa, and South and East Africa--for the purpose of grouping and presenting in this summary the accounts of developments in this region during May and June.

The Eastern Mediterranean area includes the Arab League states, Palestine, Greece, Turkey and Iran. North and West Africa includes the

French and British dependencies and territorial possessions in the area, and Liberia. South and East Africa includes the territorial possessions and dependencies of these same two powers and Ethiopia and the Union of South Africa.

There were no developments in North and West Africa during the two-month period of sufficient importance to warrant their being noted in this Summary. Therefore, a section for this area was not included in this issue.

EASTERN MEDITERRANEAN

In addition to those given immediately below, there were other developments in the Eastern Mediterranean during May and June that are of regional significance, and that should be noted here, even though they are recounted under the sections devoted to individual countries. The outbreak of Jewish-Arab warfare in Palestine, with all its ramifications throughout the whole of the Middle East was one such development. Another was the opening of the all-out campaign against the guerillas in Greece.

Proposed Economic Commission for the Middle East

Continuing the meetings that had opened on April 15, the ad hoc committee on the proposed Economic Commission for the Middle East (ECME) opened discussion on May 13 of the report of its sub-committee on geographical delimitation of the area. The Soviet Union opposed the inclusion of Turkey and Greece on the grounds that they would be in a "privileged position in relation to other countries of the Middle East" since both were members of the Economic Commission for Europe. The Soviet Union also made clear that it could not conceive of a Middle East Commission without its participation. And the Soviet Union insisted that non-self-governing territories be included as associate members, as any other decision would run counter to the aims of the United Nations.

On the 24th, the Committee unanimously recommended that the Commission be open to Afghanistan, Egypt, Ethiopia, Iraq, Iran, Lebanon, Saudi Arabia, Syria, and Yemen. The admission of Greece and Turkey was approved by a vote of 10 to 1 (Soviet Union). A Soviet claim for membership was rejected by a vote of 10 to 1 (Soviet Union). The final decision on

these recommendations will be made by the Economic and Social Council.

The Committee, on the 25th, accepted a definition of the geographical scope of the work of the Commission as: "... the territories of the members of the Commission as well as of the territories of the non-self-governing territories and of States non-members of the U.N. in the Arabian Peninsula, the Eastern Mediterranean and North East Africa, admitted by the Commission in a consultative capacity or as associate members." After considerable discussion, it was then agreed (8 to 2, with 1 abstention) to admit associate members to participation in the work of the Commission without the right to vote. The next day by a vote of 5 to 3, with 3 abstentions, the Committee agreed to recommend that associate members be eligible for appointment to committees or other subordinate bodies set up by the Commission.

By the 28th, the Committee had completed its work on terms of reference for the Commission. It decided that the Commission should co-operate with members of the Arab League and take the necessary measures to co-ordinate activities with the appropriate organs of the League to prevent unnecessary duplication of effort between the two.

The text of its report to the Economic and Social Council was approved on June 1 by a vote of 9 to 1 (Soviet Union), with Egypt absent.

Report on Communism

A subcommittee of the House of Representatives Foreign Affairs Committee released on May 12 Supplement III of the report "The Strategy and Tactics of World Communism" (released February 29). One in a series of country studies, the supplement covers "Communism in the Near East," with attention

focussed upon Egypt, Iran, Iraq, Lebanon, Palestine, Saudi Arabia, Syria, and Turkey. The report stated that the situation in that area presented "no serious danger of immediate Communist control, except possibly in Iran." However, a warning was voiced that the "seeming lack of effectiveness of past and present Communist activity in the Near East does not mean that the future can be regarded with relaxed confidence."

The subcommittee pointed out that although it was unlikely that an organized Communist party could or would "grow to formidable proportions," nevertheless "it must be borne in mind that a numerically small group of well disciplined, specially trained, ruthless men and women ... can under certain circumstances seize power and, however briefly they might hold it, create enormous if not fatal damage." The real danger to the Near East, the report added, came "from the physical proximity of the Soviet Union and the Red Army, particularly to the perimeter states of Iran and Turkey about which especial anxiety must be felt, and not, it is worth repeating from local Communist activity."

ANGLO-EGYPTIAN SUDAN

British Ordinance for Self-Government

Foreign Under-Secretary Mayhew told the British House of Commons on June 14 that the government (having failed to get the agreement of Egypt) would proceed itself with efforts to grant a greater degree of self-government to the Anglo-Egyptian Sudan. Mayhew said that after "protracted negotiations, his Majesty's Ambassador at Cairo was able to report to the Foreign Secretary on May 28 that he had reached agreement on all points with the Egyptian Minister for Foreign Affairs regarding the proposed constitutional reforms, though the latter still had to seek the endorsement of the Egyptian Government." However, the Under-Secretary pointed out: "In spite of repeated requests from his Majesty's Ambassador and an urgent appeal from the Foreign Secretary on June 3, we have received no answer from them regarding their willingness to co-operate in the proposed reforms on the basis of the proposals of the Governor-General."

Mayhew said in consultation: "I would like to emphasize that these negotiations covered only the practical question of the proposed ordinance and were never intended to reconcile the conflicting views regarding the status of the Sudan

on which both Governments have previously and publicly reserved their positions."

On the 19th, an ordinance creating an executive council and elected legislative assembly for the Sudan was published in London, the first real step toward self-government. The ordinance--not acceded to by the Egyptian Government--recognized the desires of the peoples of the Sudan "to attain self-government as soon as possible." It stated that the measures contained therein were intended "to promote the realization of this desire by associating the Sudanese more closely with the Government of the Sudan." Sudanese males not less than 25 years old and possessing some small tenancy or taxpaying qualifications thus became eligible to vote.

GREECE

Assassination of Minister of Justice

Minister of Justice Ladas, a Liberal party leader, was assassinated on May 1 by a member of the communist organization, Opla, in what the Greek Government said was a May Day plot to kill the three chief Liberal members of the Cabinet--the other two being Premier Sophoulis and Minister of Public Order Rentis. The Cabinet met immediately, and imposed martial law on the central and southern parts of the country. The north was already under such restraint. In addition to his own post, Rentis temporarily assumed the duties of Minister of Justice.

Following a broadcast from a secret guerrilla radio in the north, in which the assassin was praised and further communist attempts at such killings were urged, the Minister of Public Order announced on the 3rd that the guerrilla chief, Gen. Markos Vafiades, would be tried in absentia as the "moral author" of the murder.

Government Crisis

The Parliament was suspended on May 5 for a month as a consequence of a government crisis precipitated by the assassination of the Minister of Justice. This action was announced by the Premier after a conference with the United States aid administrator, Dwight P. Griswold--a meeting that followed a split between the Liberal and Popularist parties over the reconstituting of the Cabinet. These two groups had complained that the government had "failed to cope with the situation," although no specific charges had been made.

On the 7th Premier Sophoulis, acting for the Liberal party, and Deputy Premier Tsaldaris,

head of the majority Royalist-Populist group, agreed upon a coalition Cabinet. Four new Liberals were named, including one to replace the assassinated Minister of Justice.

Mass Executions

The government on May 4 ordered immediate execution of 151 Communists and one member of the German-sponsored pre-liberation security battalions for their part in the left-wing insurrection of December 1944. An explanation was given that these executions were not in reprisal for the death of Ladas, but rather that the country was "facing rebellion with democratic and not totalitarian methods." However, the British Undersecretary for Foreign Affairs, in a House of Commons debate on the 5th, said that these executions would come as a shock to decent opinion. He declared that the British Ambassador to Greece had been instructed to so report to the government in Athens in the strongest terms.

More complete figures, released by the Acting Greek Minister of Justice on the 6th, indicated that of 2,961 sentenced to death for murders committed before and during the 1944 revolution, 157 had been shot before the murder of Ladas, 24 on the 4th of May, and 19 on the 6th. The Prime Minister explained that these executions had been agreed upon by the Cabinet before the assassination, and had no connection with that event. On May 8, the Greek Minister of Public Order said: "If the government ordered a halt to the executions, it would show a weakness. Any measures of leniency would be taken under the threat of assassination. This would support the view that acts of terrorism are the way for a minority of bandits to impose themselves on the entire nation."

British Minister of State McNeil told the House of Commons on May 10 that since the statement on the Greek executions in the House on the 5th, it had been shown that "the first public reports about the intentions of the Greek authorities were misleading."

Twenty-four convicted guerrilla supporters were executed on May 11, increasing the total executions during the month to about 250. On the 14th, the Moscow radio asked that Greece be brought before the International Court of Justice at The Hague "to answer for the recent executions of Greek patriots." This broadcast followed a Soviet protest (13th) to the Greek Government calling attention to the "indignation of the Soviet people" over the executions, and stating that "the Soviet Government shares these feelings of the Soviet people." Vice Premier and Foreign Minister Tsaldaris

announced immediately that his office would reply to the Soviet note in the same way as it had to British and French inquiries of a week earlier. The new Greek Minister of Public Information issued a statement which denied any political motivation in the executions.

A military court in Athens on June 21 sentenced seven men to death for the assassination of Justice Minister Ladas.

Abduction of Children

The United Nations Special Committee on the Balkans unanimously accepted a report on May 21 concerning the removal of Greek children by guerrillas to Albania, Bulgaria, and Yugoslavia. The conclusion was voiced that the retention of these children was contrary to accepted moral standards of international conduct and constituted a serious obstacle to the establishment of good neighborly relations between Greece and her northern neighbors. Copies of the report were sent to the governments concerned, together with a statement urging them to discourage further removal of children from Greece and to arrange for their prompt return.

The first direct response to the request of the Greek Government was received on June 8, when Hungary sent a note to Athens stating that the children were orphans or, in any case, war victims who had been removed from battle areas. The communication added that there could be no negotiations between Greece and Hungary because the two states were not in diplomatic rapport. The Polish Government said on the 9th that there were no Greek children in Poland, and that this charge of the Greek Government was "an expression of a slanderous campaign based on false information."

A memorandum from Gen. Markos, leader of the Greek guerrillas, to the Secretary-General of the United Nations was made public on June 22. This document denied the accusations of the Greek Government that rebel troops had abducted children and taken them to neighboring Soviet satellite states. Markos contended that the transfer of these children had been made at the request of Greek mothers who wished to spare them starvation, bombings, deportation to far-away asylums, or "probable" forced employment as servants to wealthy Greek families.

On the 24th, the United States Government issued a statement, noting with "grave concern the findings of the United Nations Special Committee on the Balkans adopted May 21, 1948, regarding the removal of large numbers of children from the guerrilla-infested areas of

Greece to Albania, Bulgaria, Yugoslavia and certain other countries with the approval and assistance of the Governments of these countries."

Rumania, on June 26, refused the Greek request for return of the children in its country, calling it a "provocation." Rumania denied that the children had been abducted, and said they had "shelter, food, clothing, medical care, and schooling" from the Rumanian people. Yugoslavia, in a note to Greece published in Athens on the 27th, also refused to return the abducted children.

U.N. Special Balkans Committee

The Greek liaison representative to the United Nations Special Committee on the Balkans (UNSCOB) replied on May 8 to its request for information on which of the prewar bilateral treaties between Greece and Bulgaria the Greek Government wished to have in force again. Only two were cited--the extradition convention of 1929, and the frontier convention of 1931.

On the 14th the Greek liaison representative declared that Greece was ready to re-establish diplomatic relations with Bulgaria if that country would radically change its attitude. He dismissed as "propaganda allegations" charges of warlike intentions and incitements to war--cited in a Bulgarian letter of February 23--and said that whatever its previous attitude might have been with regard to the minor rectification of the Greco-Bulgarian frontier, now that the peace treaty was in force, the Greek Government intended to abide by it.

The Special Committee sent a telegram to the Albanian Foreign Minister on the 26th stating that the protest from that country "concerning alleged violations of Albanian territory by Greece" had been discussed, and that, in order that a full investigation could be made, an observation group of the Committee should be enabled to confer with Albanian frontier authorities at a time and place selected by that government.

At a closed meeting on June 4, the Committee decided to investigate any alleged frontier incidents which either had been or might be reported by Albania, Bulgaria, and Yugoslavia on or after May 1. The decision was reached that UNSCOB should carry out its task in compliance with the recommendations of the General Assembly and in the hope that the three governments would make it possible for all frontier incidents on both sides of the border to be investigated.

It was announced on the 11th that the United

Nations Secretary-General had received a cablegram from the Bulgarian Foreign Minister, proposing that the Bulgarian and Greek Governments "instruct their diplomatic representatives in Washington to enter into contact and to study the conditions and methods to be followed to achieve" the "re-establishment of diplomatic relations" between the two countries. This communication was transmitted to UNSCOB and to the Greek representative to the United Nations.

Later, the Bulgarian Minister to the United States said in Washington on the 27th that although talks between himself and the Greek Ambassador to the United States had opened on June 16, they had ended in failure to find a basis for exchanging diplomats between the two states.

Meanwhile, UNSCOB had resumed its sessions in Geneva late in June pursuant to an earlier decision to draft there its report for the General Assembly on the Greek civil war. A drafting committee had already begun work in Geneva on the report early in May.

The Committee completed and signed its report on June 30. Australia filed a reservation to the report on the grounds that too much time had been spent on investigation and not enough on conciliation.

Report on U.S. Aid Program

President Truman submitted to Congress on June 18 his third quarterly report (January-March 1948) on assistance to Greece and Turkey. With reference to the situation in Greece, the report said that deliveries of equipment and supplies to the Greek armed forces had "reached large proportions," and it summarized the situation as follows:

"While progress is being made in stabilizing the economy of Greece, the situation remains critical. ... However, recent successes of the Greek National Army, improved morale, and formation of defense battalions, which will permit the Greek army increasingly to go on the offensive are expected to improve the situation materially."

Communist-Led Guerrilla Warfare

Government troops continued their struggle throughout May and June to subdue Communist-led guerrilla troops. A General Staff communiqué of May 9 described heavy fighting in

western Macedonia. On the 11th a rebel force of about 1,500 was surrounded on the slopes of Mount Hassia in Thessaly. The General Staff indicated by mid-May that guerrillas had fired on Konitsa near the Albanian border, but were, however, continuing the withdrawal that had been in process for some time.

On June 1, the radio station of the communist "First Provisional Democratic Government of Free Greece" (as reported by Tanjug Yugoslav agency) broadcast a message considered to be "a peace feeler." It said in part:

"The Provisional Democratic Government of Greece is always ready to accept and support every initiative aimed at aiding the establishment of peace in Greece, on the condition that an unrestricted democratic way of life is assured to the people; that national sovereignty and independence are safeguarded; that every foreign interference be ended and that the Greeks freely decide on their fate.

"To this end, the Provisional Democratic Government is prepared to make all the concessions permitted by the peoples' and the national interests. ...

"The democratic peoples' movement has never sought in the past and does not now seek forcible and exclusive power. It is at all times ready to discuss any proposals which tend toward the general well-being of the people and the homeland."

Premier Sophoulis said on the 4th that Greece had "a real desire to live at peace with her neighbors," but whether or not they were seeking peace depended on their attitude on the government request for the return of the Greek children carried across the border by communist led rebels. The Premier denied that any western powers had advised his government to turn down the peace proposals of the 1st, which the rebel radio repeated a number of times in the days following.

A Greek National Army attack, aimed to end the war, was well under way by the 19th. The operation was being carried on with the fundamental strategic objective of encircling the principal guerrilla concentrations around Mount Grammos near the Albanian border.

On June 21, Dwight Griswold, chief of the American Aid Mission, speaking over the Athens radio during the Greek Army's offensive in the north, asked all followers of General Markos to surrender so that Greece might be united and take its part in the European Recovery Program. He promised that the guerrillas would be treated fairly.

PALESTINE

Early Threats of Open Warfare

During the first part of May, open warfare threatened in Palestine. On May 1, five Arab governments--Trans-Jordan, Syria, Iraq, Lebanon and Egypt--held a meeting in Amman for the purpose, according to King Abdullah of Trans-Jordan, of planning operations that would "tighten the ring around the Jewish enemy." On the same day, it was reported that regular armies of the Arab nations invaded Palestine from both the north and south. Simultaneously, in Jerusalem, Haganah forces took over the border positions from Irgun Zvai Leumi, the terrorist organization, that it had captured after four days of fighting.

The British Army in Jerusalem announced on the 2nd that "considerable reinforcements" of infantry, tanks, guns, and marine commandos were being sent to the Holy Land in the interest of "general security." A British spokesman in London declared the reinforcements were to serve only as a safeguard and to facilitate the withdrawal of British troops.

During these days, the Jewish Agency sent several communications to the Security Council, drawing attention to invasion reports and warning that, unless the Security Council intervened immediately, a war situation that might contain "incalculable consequences" would develop. An appeal was made to the Council "to promote appropriate action with [the] greatest urgency." Arab sources, however, denied the invasion rumors and indicated that there was "no present intention" of sending troops into the Holy Land before May 15.

A further report was received by the Security Council, dated May 4, from the chairman of the U.N. Truce Commission. This stated in part:

"The Truce Commission in Palestine has been unable to obtain confirmation of information coming from the Jewish Agency concerning an invasion of Northern Galilee by regular Lebanese or Syrian Troops. The Commission has also been unable to obtain confirmation of the entry into Palestine of regular Egyptian troops. ... There is reason to believe that regular Iraqi elements may have entered Transjordan but rather to reinforce the Transjordan forces than to invade Palestine."

In London, on the same day, Great Britain again made clear its intentions in regard to

relinquishing the mandate in Palestine. British Foreign Secretary Bevin, speaking in the House of Commons on May 4, declared:

"... we do not depart from our decision to retain the mandate only until 15th May. We accepted the obligation, within our resources, to maintain law and order and prevent aggression until that date. We have every intention of using our military resources to that end, and after 15th May to cover the withdrawal of our remaining forces. The events in Palestine have called for more military action due to acts of aggression ... our attitude has been to give clear warnings to both sides, that while we remain responsible up to 15th May, we cannot tolerate aggression. ..."

"Praiseworthy efforts have been made by the United Nations to avert the worst consequences. ... The vital requirement now is that the shooting should be stopped, and some machinery established of which the two parties can make use, and so provide an opportunity for wise councils to prevail. ..."

The Arabs agreed to a cease-fire order in the entire city of Jerusalem beginning at noon on May 8. The Jews likewise agreed to comply, and the cease-fire went into effect. The High Commissioner met with the U.N. Truce Commission to explain the arrangements, and to ask that it carry on negotiations after the end of the mandate, if that proved necessary. In the midst of these negotiations, David Ben-Gurion, head of the Jewish provisional government, announced (May 9) that a Jewish state would be proclaimed on the 16th and that the provisional government would begin formal operation, including the constituting of a national army.

Special Session of the General Assembly

Meanwhile, the special session of the General Assembly, which had convened in New York on April 16 to consider the Palestine situation, was continuing its meetings during the first part of May.

Great Britain suggested on May 3 that, inasmuch as it would be impossible to reach a decision by May 15, the General Assembly should abandon plans for a temporary trusteeship as proposed by the United States, and instead appoint a "neutral authority" to maintain administrative and public services in Palestine. The United States representative declared that his country would not abandon its trusteeship proposal, and that he would continue

to attempt to have the working paper referred to a subcommittee of the Political Committee. On the following day, the Political Committee adopted a proposal (33 to 7, with 13 abstentions) to set up a subcommittee to "formulate and report to the Committee a proposal for a provisional regime in Palestine." The new subcommittee held its first meeting on the 5th, at which time it proceeded with an examination of questions concerning the cessation of hostilities, the maintenance of order, the protection of holy places, a central organ to deal with truce problems, mediation and administration of essential services, local autonomy, immigration, and the length of the provisional regime.

The Trusteeship Council presented, on May 6, its report to the Assembly on "suitable measures for the protection of the city of Jerusalem and its inhabitants." It contained no major proposals due to the fact that the Council decided to "limit itself to measures which would receive the concurrent consent of both parties, and to the lamentable fact that the Arabs and the Jews would not agree." Following some criticism of the report as being inadequate, the Assembly adopted the report (35 to 0, with 17 abstentions). It contained a recommendation that "the mandatory power appoint, under Palestine legislation before 15 May, 1948, a neutral acceptable to both Arabs and Jews, as special Municipal Commissioner, who shall, with the cooperation of the community committees already existing in Jerusalem, carry out the functions hitherto performed by the municipal commissioner. ..." Subsequently, on May 13, Harold Evans, an American, was appointed as municipal commissioner for Jerusalem after agreement on the choice was reached with both the Jews and Arabs.

The subcommittee on a provisional regime on Palestine appointed, on the 8th, one of its members to draft a working paper for an emergency administration. The working paper was placed before the subcommittee on the 10th in the form of a draft resolution. It provided for a temporary central commission in Palestine, the personnel of which would be the chairman of the Palestine Commission, the proposed municipal commissioner for Jerusalem, and the three-power Truce Commission. However, no means of implementing the decisions of the new body were included in the proposal. Later, on the 12th, Arab and Jewish representatives told this subcommittee that they were opposed to the projected provisional regime for the administration of Palestine. The Chinese delegate declared that the subcommittee might as well report that it

had been unable to reach an agreement for a provisional regime acceptable to both factions.

At the urging of France, the Political Committee on May 11 reconsidered the plan for a temporary United Nations trusteeship in Jerusalem. After considerable debate, the Committee adopted a United States proposal to establish a subcommittee to examine further measures for the protection of Jerusalem. The subcommittee held its first session on the same day and agreed that only concrete proposals would be considered, with no repetition of the general discussion of the problem that had already taken place. On the 12th, the subcommittee was presented with a joint United States-French proposal for a temporary special international regime in Jerusalem, to be established under the trusteeship provisions of the Charter. This proposal was adopted by the subcommittee by a vote of 8 to 2 on the 13th. That evening the Political Committee received the report of this subcommittee and at the suggestion of the United States representative the report was transmitted to the General Assembly without recommendation. At its plenary session on the 14th, the Assembly failed, however, to give the necessary two-thirds approval to the plan for a temporary trusteeship over Jerusalem. The vote on this proposal was 20 to 15, with 19 abstentions.

In the meantime, the Political Committee had adopted on May 14 (35 to 6, with 10 abstentions) an amended resolution, which had been introduced by the United States a day earlier in subcommittee, that called upon the five major powers to select a mediator in Palestine who would "use his good offices with the local and community authorities" there; co-operate with the Truce Commission; and, where advisable, invite the assistance of appropriate specialized agencies of the United Nations, of the International Red Cross, and "of other governmental or non-governmental organizations of a humanitarian and non-political character." In the voting, the Arab states abstained, while the Soviet Union and its satellites voted negatively. The final plenary meeting of the Assembly later on the same day approved the resolution in substantially the same form as approved by the Political Committee. The vote was 31 to 7, with 16 abstentions. The next day, the five permanent members of the Security Council, sitting as a committee of the Assembly, unanimously selected Count Folke Bernadotte, president of the Swedish Red Cross, as mediator for Palestine.

During the course of the final plenary session of the General Assembly on May 14, the British mandate over Palestine officially came to an

end and, within a matter of minutes, the White House suddenly announced from Washington that the United States had granted *de facto* recognition to the new Jewish State of Israel. At the same time, the intention of the American government to work toward a truce in Palestine was reaffirmed. In the Assembly, Soviet Delegate Gromyko termed the United States action "unprincipled conduct," and compared it unfavorably with the "principled manner" in which the Soviet Union had acted with regard to the Holy Land. Following upon an Arab denunciation that the President's announcement had made a "sham" of the Assembly proceedings, the special session ended late in the evening.

Three days later (on the 17th) the Palestine Commission adjourned *sine die*, with a statement by its chairman: "We disperse with our conscience clear. We have no fear about the judgment of history."

Establishment of Israel

The British Foreign and Colonial Offices issued a statement on the termination of the British mandate in Palestine on the 13th. It reviewed the thirty years of British rule in the Holy Land, obstacles which frustrated British efforts to establish self-governing institutions there, and the referral of the problem to the United Nations.

The resumé concluded: "Although British responsibility for Palestine has ceased, it is the earnest hope of His Majesty's Government that as both sides come to realize the tragic consequences of attempting to conquer Palestine by force, some compromise may yet be possible which will enable the people of Palestine to live at peace and govern themselves." It was asserted that "to that end His Majesty's Government are still prepared to give every assistance in their power, short of imposing by force a solution not acceptable to both peoples."

On the day of surrender of the mandate, May 14, the House of Commons was assured by Minister of Defense Alexander that evacuation of British troops from Palestine would be carried out speedily and safely, and, if possible, before August 1.

The general secretariat of the Arab League in Damascus proclaimed a state of war on the same day (14th) between the Arab countries and Palestinian Jewry, stating "the Secretariat requests public acceptance of current developments in the spirit of the state of war which the Arab countries are facing and against an

enemy prepared for many years to seize all Palestine by force."

At midnight on May 14, Egyptian armed forces were ordered to enter Palestine. Martial law came into force in Egypt, and Premier Nokrashy Pasha was named military governor. Syrian and Lebanese troops were also on the northern border of the Holy Land awaiting the "zero hour."

The new Jewish State of Israel came into being at midnight (14th-15th). In the Declaration of Independence of the new nation, it was stated:

"...we, the members of the National Council, representing the Jewish People in Palestine and the Zionist movement of the world, ... hereby proclaim the establishment of the Jewish State in Palestine, to be called Israel. We hereby declare that as from the termination of the Mandate at midnight this night of the 14th to 15th of May, 1948, and until the setting up of duly elected bodies of the state in accordance with a Constitution to be drawn up by a Constituent Assembly not later than the first day of October, 1948, the present National Council shall act as the Provisional State Council and its executive organ, the National Administration, shall constitute the Provisional Government of the State of Israel."

"The State of Israel will promote the development of the country for the benefit of all its inhabitants; will be based on precepts of liberty, justice and peace taught by the Hebrew prophets. ... The State of Israel will be ready to cooperate with the organs and representatives of the United Nations in the implementation of the Resolution of November 29, 1947 and will take steps to bring about an economic union over the whole of Palestine."

The Secretary General of the United Nations received a cablegram from the Provisional Government of Israel on the 16th, explaining that it was "ready to cooperate with organs and representatives of the United Nations in implementation of the resolution of the Assembly of November 29, 1947," and would "take steps to bring about economic union over the whole of Palestine." Accordingly, it requested admission to membership in the United Nations.

The Secretary General also received a message from King Abdullah of Trans-Jordan, indicating that he was leading his forces into Palestine to prevent the "massacre" of unarmed Arabs. A memorandum presenting the Arab view concerning the mandate, and justifying the claim of the Palestinian Arabs for independence,

was submitted by the Secretary-General of the Arab League.

Chaim Weizmann, elder statesman of Israel, was elected president of the Council of Government (provisional president) of the new state on May 16. The first meeting of the provisional Israeli cabinet was held the following afternoon in Tel Aviv, the capital of the new state.

U.S. Recognition of Israel

The provisional government of Israel sent a letter to the President of the United States on Friday afternoon (14th), stating that the "State of Israel has been proclaimed as an independent republic within frontiers approved by the General Assembly of the United Nations in its resolution of November 29, 1947," and that the declaration of independence would become effective one minute after 6:00 p.m. Washington time, on the 14th. In conclusion the communication, signed by the agent for the regime, said:

"With full knowledge of the deep bond of sympathy which has existed and has been strengthened over the past 30 years between the U.S. Government and the Jewish people of Palestine, I have been authorized by the provisional government of the new state to tender this message and to express the hope that your government will recognize and will welcome Israel into the community of nations."

President Truman announced, almost immediately after receiving this communication:

"This Government has been informed that a Jewish state has been proclaimed in Palestine and recognition has been requested by the provisional government thereof. The United States recognizes the provisional government as the de facto authority of the new State of Israel."

A separate White House statement asserted that "the desire of the United States to obtain a truce in Palestine will in no way be lessened by the proclamation of a Jewish state. We hope that the new Jewish state will join with the Security Council Truce Commission in redoubled efforts to bring an end to the fighting--which has been throughout the United Nations' consideration of Palestine a principal objective of this Government."

Dr. Weizmann conferred with the President of the United States at the White House on the 25th. Weizmann said afterwards that President Truman was considering termination of the arms

embargo, and that he had mentioned the possibility of a United States loan to Israel of \$90 to \$100 million, to be used mainly for reconstruction, rehabilitation, and immigration of displaced Jews now in European settlements. However, on the 27th, President Truman said that the embargo on the shipment of arms to the Middle East had been requested by the Security Council some months earlier, and that the United States was complying in the interests of peace and to prevent bloodshed.

Nearly a month later on June 22, President Truman announced an agreement with Israel for the exchange of diplomatic missions and the appointment of James G. McDonald, expert on refugee problems and supporter of the Zionist movement, as head of the U.S. diplomatic mission to Israel.

Recognition of Israel by Other States

A Foreign Office spokesman declared in London on May 15, that the British Government had not considered following the lead of the United States in giving de facto recognition to Israel.

The Soviet Union on May 17 became the third state to recognize Israël (Guatemala had followed the United States). In a note from Soviet Foreign Minister Molotov to Foreign Secretary Shertok, it was stated:

"...I inform you in this letter that the U.S.S.R. had decided to recognize officially the State of Israel and its Provisional Government. The Soviet Government hopes that the creation by the Jewish people of its sovereign state will serve the cause of strengthening peace and security in Palestine and the Near East, and expressed its confidence in the successful development of friendly relations between the U.S.S.R. and the State of Israel."

On the following day, Poland granted recognition, as did Czechoslovakia, Uruguay, and Nicaragua.

A British Foreign spokesman said on May 18 that Great Britain would not withdraw British officers, the monetary subsidy, or the supply of arms to the Arab Legion unless the United Nations determined that the Arabs were acting illegally. A government official said, further, that the British government had not even "considered" whether to recognize Israel, since "there can be no state where there are no clearly defined boundaries, no recognized governmental writ and no adequately functioning administration."

On May 19, Israel formally requested recognition by Great Britain. However, British recognition was not granted at this time. And later, on June 11 in the British House of Commons, the Under Secretary for Foreign Affairs said:

"Recognition of Israel at this stage would be a positive act of political intervention, a positive act favoring one side. It is wholly inconsistent, therefore, with the spirit of the truce and of the [United Nations] resolution to take this action at this time."

Security Council's Cease Fire Order

With open warfare an actual fact in Palestine following the proclamation of the new state of Israel on May 15, the Security Council was faced with a new situation. At its meeting on May 17, the United States presented the following resolution:

"The Security Council: Taking into consideration that previous resolutions of the Security Council in respect to Palestine have not been complied with, and that military operations are taking place in Palestine:

"Determines that the situation in Palestine constitutes a threat to peace, and a breach of the peace, within the meaning of Article 39 of the Charter:

"Orders all governments and authorities to cease and desist from any hostile military action, and to that end issue a cease-fire order and a standfast order to their military and para-military forces to become effective within 36 hours after the adoption of this resolution:

"Directs the Truce Commission, established by the Security Council by its resolution of April 23, 1948, to report to the Security Council on compliance with this order."

In submitting the resolution, U.S. Representative Austin also proposed a series of questions to be addressed to the Arab states, the Arab Higher Committee, and to the Provisional Government of Israel on the strength of their forces and objectives sought. Austin explained, however, that he did not expect Council action to await replies to such inquiries. The Soviet representative recommended immediate discussion of the United States proposal and a decision to stop military operations in Palestine. The Council adjourned until the next day in

order that the various delegations might study the proposed questionnaire.

Debate on the 18th centered on the questionnaire. It was adopted after "Jewish authorities in Palestine" was substituted for "Provisional Government of Israel," as given in the original proposal. The questionnaire was sent out immediately by the Secretary-General with a forty-eight-hour time limit for replies. The Council received word on the same day from the Jewish Agency that despite truce discussions being conducted in Jerusalem by the Consular Committee and the Arab agreement to cease fire in the Old City, the Arabs had "launched a heavy attack on the Jewish quarter of the Old City" a day earlier.

Great Britain on May 19 introduced an amendment with Belgian support to the United States resolution, deleting the clause relating to Article 39 of the Charter, and merely asking the parties to end the conflict and seek a truce. The U.S. representative explained that he could not accept the amendment, and stated that inasmuch as the facts in the Palestine case were clear, the Council should not fail to do its duty to "determine the existence of any threat to the peace, breach of peace, or act of aggression."

Debate resumed in the Security Council on May 20, but no decision was reached on the United States resolution or the British amendment. On the same day, the Israeli Government proclaimed a state of emergency; whereby its Cabinet ministers were enabled to promulgate any laws necessary for the prosecution of the war, without waiting for ratification by a parliament. Provision was also made for the assimilation of the Haganah and associated forces into the military units of Israel.

On the 22nd, the Council heard the representatives of Egypt, Syria, Iraq, Lebanon, and the Jewish Agency give replies to the questionnaire of the 18th. All the Arab states conceded that they were engaged in military operations, and stated they would not consider peace terms as long as Israel existed. The representative of the Jewish Agency told the Council that the Provisional Government of Israel exercised "control at present over the entire area of the Jewish State as defined in the Resolution of the General Assembly of the 29th of November, 1947," and in addition over the city of Jaffa, Northwestern Galilee, almost all of new Jerusalem, and of the Jewish quarter of the Old City.

The Security Council on the 22nd adopted the United States resolution as amended by Great Britain (8 to 0, with 3 abstentions). Despite a statement by U.S. Representative Austin, denouncing the Arab invasion of Palestine as

"aggression," the Council was unwilling to accept the United States proposal to determine the existence of a threat to and breach of the peace.

The U.S. Department of State was advised through diplomatic channels on the 23rd that the Government of Israel had issued a cease-fire order in response to the plea contained in the resolution of the Security Council adopted the day before. An Arab League official said on the 24th that "the Council's cease-fire order is surely an attempt to give the Jews time to strengthen themselves and receive foreign help. If this huge machine which the Arabs have set in motion is stopped, it will never work so smoothly again. The Arabs therefore must continue their present course." On the same day, the Council agreed unanimously to extend the deadline for its appeal for a cease fire to noon of the 26th, granting Arab requests for a forth-eight-hour delay.

On the 25th, the Israeli Government protested the extension, saying that:

"...we originally decided, as on previous occasions, to respond to the Security Council's call for an unconditional cease-fire on the twenty-second of May, midday, New York time, but now that this order has become inoperative and the alteration in the Security Council's decision enables the bombardment to continue with the Council's acquiescence, we must review the position and shall in due course inform the Council of our decision under the new circumstances."

Leaders of five Arab countries met at Amman on the 25th to consider whether to obey the cease-fire order. The following day, the Arab countries and the Arab Higher Committee told the Security Council that they would not agree to a truce in Palestine unless recognition were withdrawn from Israel, a stop made in Jewish immigration, and the Haganah were disarmed.

On May 27, Great Britain and the Soviet Union each presented at the Council meeting a resolution intended to assist in the settlement of the Palestine case. Both proposals called for a cessation of military operations. The Security Council, on the 29th, rejected the Soviet proposal, which was supported by the United States, by a vote of 5 to 0, with 6 abstentions. The Council then proceeded to accept an amended version of the British resolution calling for a four-week truce and the imposition of a general arms embargo applicable to all the disputants.

Meanwhile, on May 28th, the eleven-day battle for the Old City of Jerusalem ended, when the Israeli garrison surrendered to the Arab Legion.

However, attacks from Arab troops continued on the Jewish areas of New Jerusalem.

Finally, on June 1, the Israeli Government and the political committee of the Arab League accepted the Security Council's request for a cease fire for the four-week period.

Bernadotte Mediation Mission

On June 2, the Security Council instructed the UN Mediator, Count Folke Bernadotte, who had been appointed under the General Assembly resolution of May 14, to set the day and hour for issuance of the cease-fire order to inaugurate the four-week truce. Count Bernadotte cabled the Security Council on June 4 that only the problem of Jewish immigration into Palestine was holding up agreement between the two disputants on the date the cease-fire would become effective.

The Security Council received the text of a note sent to the Arab states and Israel by the Mediator on the 7th, in which "formal notice" was given of the "effective" date and hour for the commencement of the cease-fire and truce, as provided for in the Security Council resolution of May 29. The Mediator asked that notification of acceptance or rejection of the date (set for June 11) be in his hands not later than noon on the 9th. The Council received word from the Mediator on that date that the interested parties had accepted unconditionally his proposal for a cease-fire and truce to become effective on the 11th. Bernadotte explained that he would do his utmost "to supervise the terms of the truce fairly and efficiently," and would immediately turn his attention to "the broader aspects" of his task, mainly "the promotion of a peaceful adjustment of the future of Palestine."

The Security Council at its meeting on June 10 took note of the communications from the Mediator, indicating unconditional acceptance of the truce proposals. The Soviet representative raised the question of the inclusion of Soviet military observers among officers to be attached to the Mediator and the Truce Commission. He reserved the right to submit a formal proposal to that effect at the next meeting of the Council. The United States and Canadian representatives expressed the view that the Mediator had acted in accordance with Council resolutions. He had requested the three member states of the Truce Commission--the United States, France, and Belgium--to supply the military observers.

In a cablegram to the president of the Security Council, dated June 15, Bernadotte stated: "In my view the truce has worked well the first few

days taking into account circumstances encountered regarding communications and getting observers to strategic points and fronts in time."

On the 17th, the Security Council received word that the Political Committee of the Arab League had set up a four-member subcommittee (Egypt, Lebanon, Transjordan, and the Arab League) to negotiate with the Mediator. The Political Committee also accepted a suggestion made by Bernadotte concerning the appointment of three or four Arab experts on the working level to be available for consultation and information when the initial political proposals were made. On the same day, the Prime Minister of Israel told Bernadotte that "our basic conditions [for a peace settlement] are recognition of the state of Israel and freedom of Jewish immigration. If it is proposed to open talks on any other basis, then [the Mediator's] time and energies will have been wasted." The Foreign Minister said that his state would send "Jewish experts" to consult with the Mediator, but he emphasized that these talks would be preliminary, and "only if this conference should prove that there is a base for a full-scale Arab-Jewish peace conference will invitations be sent to both sides."

Count Bernadotte announced on June 21 that Israeli and Arab Governments had reached agreement on the 16th concerning control of a "no man's land" in the Jerusalem area, running astride the line of demarcation between forces of both disputants. Concurrently Harold Evans, Municipal Commissioner for the city said he would leave for the United States, explaining:

"In view of the present situation in Jerusalem under the truce and the fact that the problem of the future status of the City is now under consideration by the Mediator, the Municipal Commissioner is of the opinion that no useful purpose will be served by his taking up his duties in the Holy City at this time. ... The problem of Jerusalem is a part of the general Palestine settlement. ..."

The Arab League secretary said in Damascus on the 24th: "We are not satisfied with the way the truce is being implemented, nor with the inaction of the United Nations military observers. But "official sources" in London advised that the British Government would use its influence with the Arab countries to persuade them to agree to an extension of the truce in order that Count Bernadotte might have more time to negotiate for permanent peace.

The Mediator, on June 28, submitted to both disputants tentative suggestions that he hoped

would "lay a basis for a solution of the Palestine question." According to "reliable sources," the "suggestions" do not form a complete peace plan, but instead are limited to the largely technical points on which liaison officers from the Arab League and the Israeli Government have been able to agree in their conferences with Count Bernadotte.

On the last day of the month, Bernadotte notified the Security Council that he had "presented to Arab and Jewish authorities in Cairo and Tel Aviv, respectively, three brief papers setting forth in outline my views and suggestions for a possible approach to the peaceful adjustment of the future situation of Palestine." He recommended that the two parties send representatives to discuss the "suggestions," adding further:

"I have also appealed to both Arab and Jewish authorities not to release or to otherwise publish the suggestions I have offered or comments on them until I have officially received their comments or counter-suggestions. For this reason I am not communicating these papers to the Security Council at this time. As of June 30, no such comments or counter-suggestions have been received by me. ..."

However, "usually well-informed sources" at Lake Success said that the Mediator's proposals included the following: (1) Jerusalem to be placed under Arab rule, subject to some local government by a municipal council representing the 100,000 Jews in that city; (2) the Arabs to receive a large share of the Negeb then assigned to them under the partition resolution of November; and (3) Israel and the Arab state, in addition to the economic union suggested in the General Assembly, to make arrangements for common defense. Neither Arab nor Israeli sources at Lake Success approved the "suggestions," and it was generally agreed that their consent before the expiration of the truce on July 9 was unlikely.

Also on June 30, the last of the British troops in Palestine departed, ending the occupation a month ahead of schedule.

Internal Strife in Israel

As a consequence of a battle between the Israeli Army and the Irgun, 70 Irgunist members were arrested on June 23. Irgun announced that it would no longer recognize the Israeli Government, and two ministers, associated

with the Mizrachi, a religious organization, resigned from the cabinet. The head of the Mizrachi, who announced the resignations, charged that Prime Minister Gurion had been acting independently, and not consulting his ministers before making decisions affecting the entire country and its future. He asked for the establishment of a committee of investigation.

The State Council on June 24 passed a vote of confidence (24 to 7, with 5 abstentions) in the Provisional Government of Israel, thus averting the possibility of the overthrow of the government as a consequence of the rebellion. The two cabinet members who had previously resigned decided to resume their positions. The government continued measures to check reactionary elements. About 400 arrests were made in Haifa, Natanya, and Tel Aviv, mostly of members of the Irgun Zvai Leumi's underground organization and some Irgun deserters.

The government established a committee of seven, with the Prime Minister as chairman and including two other ministers and four members of the Parliament, to make plans for a single army without such auxiliary units as the Irgun or Stern groups. The government also decided that when one army was formed, a general amnesty would be granted for armed dissidents in custody or hiding, if they enlisted in the regular army.

Irgun Zvai Leumi announced that evening (24th) that it would no longer act as a military organization within Israel but would continue to fight outside its border and to carry on its political activities. On the 27th, the commanders of the Zavah Hagana (Army of Defense, formerly an underground group) swore allegiance to the state, accepting "unconditionally and without question the discipline of the Defense Army of Israel... ."

TURKEY

Report on U.S. Aid Program

President Truman submitted to the Congress on June 18 his third quarterly report (January-March 1948) on assistance to Greece and Turkey. The program for Turkey, the President reported, "continues uninterrupted. ... The quiet self-confidence and competence of the Turkish military establishment are a stabilizing influence in this troubled area of the world, and it is assured that United States ... aid will be put to the best use in the interest of world peace."

SOUTH AND EAST AFRICA

The shift in the South African government, of which an account is given below under the Union of South Africa, with the change in policy that is involved, is an event that may have a tremendous influence in this area. Also, this change must be viewed in its broader aspects, i.e., in relation to its possible effect on the policy of Great Britain in respect to the whole British Commonwealth.

UNION OF SOUTH AFRICA

Parliamentary Elections

In elections held in South Africa on May 26, the United party of Premier Jan Christian Smuts was defeated by the Nationalists, led by Dr. Daniel Malan. Smuts was also defeated in his own constituency. The Nationalists received 70 seats, and the United party 65. With the support of the Afrikaner party, the Nationalists gained a majority command of four in the House of Assembly.

The United party and the Nationalists parties differ chiefly in their views concerning the relations of South Africa with the British Commonwealth, and on the "race" problem. The government of Field Marshal Smuts favored close relations with the Commonwealth and gradual improvement in the status of the natives. Dr. Malan's party advocates the establishment of South Africa as an independent republic, and maintenance of "white" supremacy by segregation of non-European races. While the election was fought primarily on the racial issue, the Nationalists did not receive a majority sufficient to enable them to carry out far-reaching changes affecting native rights, for which a two-thirds majority of both houses of Parliament sitting together would be required.

Smuts resigned on May 28, and the Governor-General asked Malan to form a new Cabinet.

Following his defeat, Marshal Smuts had gone into temporary retirement, but, under strong pressure from the United party, he agreed to stand as candidate for a constituency whose incumbent had offered to resign in his favor and to continue to lead the party.

Malan was sworn in as Prime Minister on June 4 and, in a broadcast on the same day, he defined his party's attitude toward relations with the United Nations and the British Commonwealth, and explained its position on the problem of non-European races in South Africa. He said that the new government fully acknowledged

South African partnership in the community of nations, but warned that membership in the United Nations would continue to be "on the clear understanding that there would be no interference from the outside in our domestic affairs or any breach of our sovereignty." He also acknowledged "the particularly friendly relationship" of South Africa with the British Commonwealth, but asserted that its continuance would depend on similar conditions. Malan promised that the interests of non-Europeans would be protected and declared that the policy of segregation meant for them "the creation of a greater independence and feeling of self-respect as well as the provision of better opportunities for free development in accordance with their nature and abilities."

Marshal Smuts, who arrived in England on June 7, asserted that the elections would not affect South African relations with Great Britain.

Report on South-West Africa

On June 4, the Union of South Africa submitted written answers to 50 questions asked by the Trusteeship Council about its administration of South-West Africa. The statement was made that South Africa, however, did not recognize "any measure of accountability to the United Nations" on its administration of the former German colony and League of Nations mandate.

A covering letter stressed that South Africa was "anxious to be as helpful and cooperative as possible," and had, therefore, replied to questions it did not believe should have been asked. It said, also, that South Africa could not accept the contention that its declared intention to administer South-West Africa "in the spirit of the mandate" implied "a measure of international accountability" on the part of the Union.

The report indicated: (1) residential segregation was evident "in some urban areas," although many natives (such as domestic servants) were allowed to live "outside the areas set apart for them"; (2) facilities for education for non-European children would be extended "as soon as they [the Union] can rely on an attendance large enough to justify the expense involved"--not the case at present; and (3) in order to improve communications and access to foreign markets for the territory a study was being made of the practicability of broadening the narrow-gauge railway serving the northern part of the territory.

V. EAST AND SOUTHEAST ASIA

East and Southeast Asia, as the term is used in this Summary, includes the vast area of the Asiatic continent east of Iran and South of the Soviet Union and the island groups of the Dutch East Indies, the Philippines, Australia, New Zealand and the Pacific Islands.

Summaries of the developments in this area during May and June are brought together under three regional headings, Southeast Asia, East Asia and Southwest Pacific. Southeast Asia includes the countries in Asia from Afghanistan southward and eastward through India, the Malay peninsula and Indo-China and the Dutch East Indies and the Philippines. East Asia covers China, Korea, Japan, and the Mongolian Peoples Republic. The Southwest Pacific includes Australia, New Zealand and the Pacific Islands.

Since the activities of the Economic Commission for Asia and the Far East involve this entire area, they are dealt with at the opening of this section.

Third Session of the Economic Commission for Asia and the Far East

The third session of the Economic Commission for Asia and the Far East (ECAFE) convened on June 1 at Ootacamund, India, with delegates from 14 member states, five associate member countries, and nine observers or representatives of specialized institutions in attendance.

On the following day (2nd) the Commission devoted its discussion chiefly to the question of the admission of new applicants for associate membership. The group agreed to postpone for several days the discussion on the application of the Indonesian Republic for such associate membership. Three main proposals concerning this problem were presented to the Commission: (1) the suggestion of Netherlands delegate that an associate membership be granted to Indonesia as a whole, including Republican representatives, in a combined "Indonesian associate member delegation"; (2) an Indian recommendation that the Republic be made a member; and (3) an Australian-New Zealand proposal that the Republic be granted a "provisional" associate membership.

The Commission endorsed on the 4th a recommendation by the Transport and Communications Commission, calling for an early meeting of ECAFE inland transport experts to examine "the problems with respect to rehabilitation and coordinated development of

inland transport facilities and services in Asia and the Far East." Meanwhile, four committees--on industrial development, trade promotion, technical training and food problems--were holding meetings.

The committee on the promotion of trade completed its task on the 8th when it adopted draft resolutions providing for: (1) establishment of a trade promotion section within the ECAFE Secretariat for research, investigation, and the promotion of collaboration between member governments for solution of trade problems; (2) promotion of intra-regional trade by member governments; (3) immediate consideration of the possibility of entering into working agreement with Japan within the limits allowed by the Far Eastern Commission and the peace settlement when concluded; and (4) investigation of special financial arrangements to facilitate trade within the ECAFE region.

At a plenary session on the 9th, the Commission--by a vote of 6 to 5--agreed to postpone until its next session consideration of the Indonesian Republic for associate membership. Supporting this decision, the United States urged that no action on the membership question be taken until the Security Council's Good Offices Committee had completed its work in the East Indies.

The committees on trade, promotion of industrial development, technical training, and flood control completed their tasks on the 9th. In plenary session the following day, the Commission adopted a report on flood control and a resolution that provided for the setting up of a Bureau for Flood Control. As its third session drew to a close, ECAFE decided to hold its next conference in Australia. It also determined to continue its temporary headquarters in Shanghai.

Among the accomplishments of the third meeting, which concluded on June 11, were: (1) the empowering of an industrial working party to study the financial requirements of the region and to report on means for improving credit and banking structures; (2) the sending of a request to member nations to give immediate consideration to the possibility of exchanging raw materials for capital goods from Japan; and (3) the acceptance of the principle that Japanese trade and industrial plans should be adjusted to the needs of the ECAFE states within the limits set by the Far Eastern Commission and the proposed peace treaty.

SOUTHEAST ASIA

The situations in both India and Indonesia were the subject of action by the United Nations Security Council in May and June, and an account of these developments is given below under the sections devoted to these countries. Action by the United Nations in these situations should, therefore, be related to other developments under the United Nations system that have appeared in earlier sections of this Summary.

BURMA

Pro-Communist Union Plans

The Prime Minister of Burma, Thakin Nu, announced on May 26 his decision to resign on July 20. The Premier stated he would then undertake to unite all Left parties in the country on the basis of a socialist program. In his capacity as President of the Anti-Fascist Peoples Freedom League, Thakin Nu issued a statement setting forth the proposed program of the party he will sponsor--the United Party of the Left. The program included the following points: establishment of political and economic relations with the Soviet Union and the Communist-dominated countries of eastern Europe; nationalization of capitalist industries; socialization of export and import trade; the refusal of foreign assistance in defense and finance in any manner that might impair Burmese independence; destruction of private ownership of land; establishment of popular government in frontier areas; compulsory education; propagation of Marxist ideology; and the conversion of the present bureaucratic administration into a "people's democratic administration."

On June 15, British Foreign Secretary Bevin invited the Burmese Ambassador to discuss the move made by Thakin Nu. The extreme program advanced by the Premier had threatened the more than 100 million pounds that the British had invested in Burma. However, in a speech made in Rangoon on the same day (15th), the Premier made it clear that his government would not enter into negotiations with communist leaders of the insurrection being sustained in Burma by the Red Flag party, one of the two communist groups in the country. Furthermore, the Burmese Foreign Minister said on June 16 that the fact that Burma had agreed in principle to an exchange of diplomatic missions with the Soviet Union "does not mean that we wish to relax in any way in the friendly relationship

that we have already attained with the British Commonwealth, the United States, China, and the countries of Western Europe."

Bevin told the House of Commons on the 17th that he had made it clear in consultation with the Burmese Ambassador that future Burmese policy would show how far Burma sincerely intended to honor the treaty. Bevin reported that he had been "assured that earlier reports of the Burmese Prime Minister's utterances were somewhat exaggerated, and that he is anxious to remain on good terms with this country, while at the same time developing friendly relations with Russia and other countries."

INDIA AND PAKISTAN

Relations with Hyderabad

Prime Minister Nehru of India denied on May 1 that he had stated in Bombay that, if the Hyderabad ruler did not accede to the Indian Dominion, it would mean war. He declared he had not mentioned war or accession, but "what I said was that Hyderabad was so situated that it must have the closest possible relation with India. We do hope that Hyderabad will become part of the India Union not because we want it to become so, but because of the various factors which nobody can ignore, namely, geographical, economic, defense and political factors."

"An authoritative source" stated on May 16 that the Nizam of Hyderabad had been notified that the Indian government would "take action to force his hand" if he did not halt border raiding by the 24th.

Early in June, Nehru again reiterated his statement made during May that Hyderabad "economically and geographically" was an integral part of India. On the 6th, a delegation from Hyderabad arrived in Delhi to discuss India's "final demands" for a settlement of differences. Three days later relations between the Dominion of India and the Princely State reached a critical stage as negotiations foundered. The delegation left Delhi on the 10th with an "ultimatum" in which India demanded the "substance of accession"--namely, "full control over Hyderabad's defense, external affairs, and communications, with over-riding power to enforce India's legislation in the State, and also a full responsible government with an absolute Hindu majority during the period between now and the date when the

plebiscite is held on the issue of accession."

The Nizam's Government on June 16 refused the proposals made by the Government of India and demanded modifications. Prime Minister Nehru indicated on the following day that India would strengthen her economic blockade of the principality. He said the alternatives before Hyderabad were accession to India along with an acknowledgement of India as the dominant power, or "conflict." The Premier of Hyderabad called upon the people of the state on the 20th to face all hardships and the "intensified blockade with solidarity."

It was announced "authoritatively" in London on June 24 that Hyderabad would appeal to the United Nations, charging that India's policy was causing danger to international peace. On the 27th, as Hyderabad's Agent General in New Delhi was preparing to re-open negotiations with the Indian Government, the Indian Army was reported to have formed a separate command at Sholapur, on the western border of the Princely State. Concurrently, the only armed brigade of the Indian Army was being moved forward from Poona. These actions were considered either "a threatening gesture" or an "anticipation of armed conflict."

Formation of New Unions

The integration of the 562 princely states of India was largely completed on May 5 when nine Sikh States of the Punjab agreed to form a union -- to be known as Patiala and East Punjab States Union. It comprises an area of more than 10,000 square miles, has a population of approximately three and one-half million, and revenue equal to \$15 million. The inauguration of the Union was scheduled for July 15. One day earlier, India had signed an agreement to take over the 8,000 square mile State of Cutch in Western India (adjoining the Pakistan Province of Sind) on June 1.

The largest Union of Indian States formed thus far, the Gwalior-Indore-Malwa Union, was inaugurated at Gwalior on May 28 by Prime Minister Nehru of India. To be called the Madhyabharat Union, it consists of 22 Malwa states covering an area of over 48,000 square miles, a population of over seven million, and a yearly revenue amounting to \$27 million.

The appointment of a commission by the president of the Indian Constituent Assembly to "inquire into and work out details in connection with the formation of new provinces of Andhra, Karnataka, Kerala, and Maharashtra from the existing provinces of Bombay, Madras and the Central Provinces" was announced on June 18. This commission was instructed to make its recommendations in time for inclusion in the draft constitution before its final adoption.

Security Council Action

The Security Council released on May 6 communications stating the reservations of India and Pakistan to the Council's resolution of April 21 on the Kashmir question. This resolution provided for a five-nation commission that was directed to "place its good offices and mediation" at the disposal of the two countries "with respect to the restoration of peace and order and to the holding of a plebiscite." India regretted that it was not possible for it to implement those parts of the resolution to which it had previously objected, but it made clear that "if the Council should still decide to send out the Commission ... the Government of India would be glad to confer with it." Pakistan held that the measures indicated were not "adequate to ensure a free and impartial plebiscite."

On the 10th Secretary-General Lie sent a letter to the representative of India designating his assistants to negotiate on terms of service of the Plebiscite Administrator, and enclosed a draft agreement to serve as a basis for discussion. The Indian representative replied on May 15 that, since "the Government of India have already [stated] ... that it is not possible for them to implement those parts of the Resolution against which their objections have been clearly stated," and since, "in particular, the Government of India have taken exception to some of the functions which it is proposed to entrust to the Plebiscite Administrator ... I do not think it will be useful for me to discuss with your representatives now the draft agreement on the terms of service of the Plebiscite Administrator."

U.S. Representative Austin declared on the 26th that India and Pakistan had asked for a ruling, and that their current attitude placed the United Nations in "an absurd position." Charging the two states with an apparent lack of a "sense of obligation," Austin asked that the Council's committee of experts determine whether an obligation might be imposed on the disputants to accept the ruling.

By a vote of 8 to 0 with 3 abstentions (China, the Ukraine, the Soviet Union), the Security Council on the 4th directed the Commission to study and report on all the controversies existing between India and Pakistan, including claims to the State of Junagadh, Pakistan's statement that India was guilty of genocide, and complaints that financial and property agreements between the two dominions had been violated. The principal task of the Commission, however, remained that of holding a plebiscite to determine whether Kashmir should accede to India or Pakistan.

In a letter to the president of the Security Council, Prime Minister Nehru stated on June

5 that India "would not assist in the implementation of the Council's resolution on the Kashmir dispute until the objections raised by the Government of India have been satisfactorily met." He also entered an "emphatic protest" against the Council's resolution of April 21 which empowered the Kashmir Commission to study and report on the various charges made.

Indicative of the hostile feeling evident in India against the Commission, a "voice of the party congress" pointed out on the 15th that "there can be no question that the mass feeling against the United Nations [Kashmir] Commission has, if anything, hardened during the last few weeks. ... Kashmir is our homeland and no foreigner has any right to interfere in our internal affairs."

The Commission met in Geneva on the 15th and completed organizational arrangements and "routine matters." On June 23 it was decided to send immediately an "advance party" to Karachi and New Delhi to arrange working facilities for the commission.

Appointment of New Governor General

The British Government appointed Chakravarti Rajagopalachari, an outstanding "elder statesman" of the independence movement, as the first Indian Governor-General of the Dominion of India, effective as of June 21, when Lord Mountbatten relinquished the post. Upon his taking office the new Governor General delivered a short speech during which he declared:

"What disturbs the peace of India now is internecine discord pure and simple, and it is utter folly. Our economy has not yet had time to separate into two parts corresponding to the political division to which we have agreed. It is very doubtful if it ever can be so split. We are far too interdependent, and whatever we might do there will yet be vital links that can never be severed. ..."

FRENCH INDO-CHINA

Establishment of Provisional Government

A French-supported, anti-communist assembly, consisting of 40 nonelected representatives from Tonkin, Annam, and Cochinchina, met at Saigon on May 20 to establish a provisional central government for the whole of Viet Nam. Gen. Nguyen Van Xuan, Premier of the provincial government of Cochinchina, was chosen President of the new regime. However, not until he had read a statement of endorsement

from Bao Dai, the former Annamese Emperor, did the General receive the support of the delegates.

In his acceptance speech, the new President said his government would attempt to bring about unity in Viet Nam, and end the "fratricidal war" in Indo-China, although it would never make peace with the communists. He announced that the new government would consist of 22 ministers, seven from the north, six from the central part of the country, nine from the south, and that a consultative Privy Council would include two important men who had served as ministers in the National Coalition Government of Dr. Ho Chi Minh.

The French Government announced on June 5 from Paris that the following agreement had been signed at noon, Indo-China time, that day aboard a French cruiser in the Bay of Along (off Haiphong) between native leaders and the French High Commissioner:

"France solemnly recognizes the independence of Viet Nam, to whom belongs the task of realizing her unity. Viet Nam proclaims [its] adherence as a member state to the French Union. The independence of Viet Nam has no other restrictions than those imposed by her membership in the French Union."

The formation of the Provisional Central Government (uniting Annam, Tongking and Cochinchina) was officially announced from Saigon simultaneously with the signing at Haiphong. The new government acknowledged its "limitations," however, by issuing an ordinance which declared that "by reason of the present state of war [between French troops and native nationalist forces] the sovereignty of the Viet Nameese people is suspended." Furthermore, questions concerning financial, economic, military and cultural matters, and diplomatic sovereignty were left for settlement by later agreements between the French Government and the new Provisional Government.

INDONESIA

Republican Parley Barred

The Provisional Federal Government of the Netherlands Indies barred an "All Indonesia Conference" on May 21. The session, sponsored by Indonesian Republican adherents, had been scheduled to open in Batavia on the 24th. The Government decree said the meeting had

originated "with persons belonging to or closely connected with the Republican Government organization and consequently hospitality granted that organization in Batavia is being used for political agitation in territory under Netherlands control."

Bandung Conference

A pre-constituent Assembly conference opened at Bandung, west Java, May 27, with Dr. Hubertus J. van Mook, Acting Netherlands East Indies Governor, making a plea for unity. The Republican delegation protested to the Good Offices Committee over this meeting, charging that the Netherlands Government was violating the principles of the Renville Agreement by excluding Republican representatives from the conference. It was held that the "announced intention" of the session was to achieve a blueprint of the United States of Indonesia, and to outline the Indonesian share in the blueprint for the Netherlands Indonesian Union.

The Netherlands delegation advised the Steering Committee of the Netherlands-Indonesian Conference that the fears of the Republican delegation were unfounded, and that the Bandung Conference was "consultative in nature and its decisions would not be binding." It added that the conference was to serve the "mutual consultations with Indonesians not represented by the Republic and to inform the Netherlands Government of the views of these representatives in order to facilitate the work of the Netherlands delegation in negotiations with the Republic."

Foreign Relations

A communiqué, issued in Kaliurang on May 30 by the Netherlands-Indonesian Conference, announced that the Political Committee had discussed, on the 28th, the question of the Indonesian Republic's foreign relations. The Netherlands representative stated that a number of incidents had taken place "which had created the impression that the Republican Government was extending its foreign relations." He cited the recognition of the Republic by Yemen with the appointment of Dr. Palar as Envoy, and also stated that the Netherlands Government had obtained a document saying that a Republican official had been appointed as Special Envoy and Minister Plenipotentiary, with full powers to negotiate with a duly authorized person from the Soviet Government on the re-establishment of friendly relations. The Netherlands spokesman held that "since under the first Renville principles, sovereignty throughout the Netherlands

Indies remained with the Kingdom of the Netherlands, the Republican Government could not legitimately conduct its own foreign relations."

In reply, a member of the Republican delegation declared that what had been said by the Netherlands representative could mean "nothing less than 'liquidation' of the Republic before the institution of the United States of Indonesia." He stated that "no official information" had been received on the Soviet matter, and added that the present policy of the Republican government did not contemplate any extension of the present foreign relations maintained by the Republic, and that it did not intend to take any steps for the establishment of new relations other or more than those which had been established, or were under way at the time of the acceptance of the Renville principles.

Regulations Governing Sea Traffic

The Economic and Financial Committee of the Netherlands-Indonesian Conference stated from Kaliurang that the delegations of the Netherlands and the Republic of Indonesia had, on June 8, reached agreement in principle on regulations governing sea traffic, including the movement of Republican vessels to foreign countries. Conclusion of a treaty on the subject was expected at an early date, to be followed by a similar agreement governing air traffic.

Australian-American Proposal

The UN Committee of Good Offices, in a statement issued in Batavia on June 16, reported that "the Netherlands Delegation today informed the Security Council's Committee of Good Offices that it thought it advisable to discontinue, 'for the time being the discussions of the Republic of Indonesia' in view of the publication of the strictly confidential document handed by Mr. Coert Dubois (U.S.) to Dr. Van Mook on June 10." The difficulty arose over a "news-leak" relating to a secret Australian-United States compromise proposal for a political settlement that was put before the Committee. Dubois said in reply that there was no truth in the statement "that an article based on an interview with me has been published in a United States periodical."

On the next day (17th), the Netherlands and Indonesian negotiators met together in Batavia. A joint statement issued after the meeting said that discussions of controversial matters had taken place in a friendly atmosphere, and each

representative would consult his government to discover how differences could be overcome. The Committee asked the Netherlands delegation on the 18th if it were in a position to resume negotiations concerning the whole scope of problems under discussion. On the 22nd, the Committee was advised that the Netherlands Government had authorized its delegation to proceed with discussions. Meetings of the Committee of Good Offices were resumed on that day. However, the Committee reported on June 29 that the impasse in negotiations was continuing.

Security Council Action

The Security Council undertook consideration of the Indonesian question on June 10 for the first time since February 28. It had before it three reports of the Committee of Good Offices, one on political developments in western Java, another on similar developments in Madura, and a third the Second Interim Report of the Committee. Statements were made before the Council by the representatives of the Republic of Indonesia and the Netherlands.

The Indonesian delegate said that "the Dutch are trying, by circumvention of the actual negotiations, to strangle or, at least, to eliminate the Republic with which they profess to be negotiating." He also recounted a number of events that had caused "tremendous distrust" on the part of the Republic, among them being: establishment by the Dutch of the "Provisional Federal Government for Indonesia" on March 9; the Netherlands-sponsored Bandung Conference; banning by the Netherlands of a counter-convention of Republican sympathizers in Batavia; amendment of the Netherlands constitution regarding Indonesia; and events in Madura and west Java.

In reply, the Netherlands delegate said that "any fear or suspicion that the Netherlands Government is trying to confront the Republic with a 'fait accompli' ... has no foundation in fact or law." He added that once "free from coercion and arbitrary authority," the peoples of west Java and Madura had indicated that they wanted autonomy "and not an exchange of mild Dutch control for stringent Republican rule." He said, however, that the Netherlands had not lost hope that with the assistance of the Committee of Good Offices a solution on the basis of the Renville Agreements might yet be found.

The Council then deferred discussion on the Indonesian question until June 17, so that the fourth report of the Committee of Good Offices dealing with Bandung would also be available for consideration. Meeting again on that date,

the Council discussed the situation in connection with the four reports submitted by the Committee. The Chinese representative said that the Committee's reports did not substantiate the accusations presented by the Netherlands against the Republic. He suggested that the Council instruct the Committee to promote a "really fair and impartial plebiscite" in western Java and Madura, and asked the Netherlands representatives for assurances that the Renville Agreements would not be followed by another "police action" similar to that after the Agreement of Linggadjati.

The Indian representative urged the Council to request the Netherlands to "stay further action" with respect to the states in western Java and Madura. Soviet Representative Yakov A. Malik, in his first statement before the Security Council, said the reports of the Committee should have been termed "reports on the unilateral Dutch plebiscite" in western Java and Madura. He accused the Netherlands of having established "puppet states" after having arranged for a plebiscite there by "the method of oral questioning."

The Australian representative asserted that the progress on the basis of the Renville Agreements had been "painfully slow." Not only had "undue delays" taken place, but there was evidence that these had been "deliberately inspired" for purposes never revealed by the Netherlands authorities. He suggested that the Council should consider what steps could be taken to ensure that the situation in Indonesia remained "in the final control of the Security Council."

After this discussion, the Security Council authorized its president to send a cable to the chairman of the Committee of Good Offices, requesting information on the suspension of negotiations between the Netherlands and Indonesia. When the Council resumed discussion of the situation on June 23, it had before it the answer to this cable.

The Committee's reply stated that although negotiations had been resumed, the Netherlands-Indonesia steering committee had been unable to agree upon the inclusion in the agenda of an outline for political settlement proposed by the United States and Australia and opposed by Belgium. The Committee added that efforts thus far had been "largely a disappointment," but that it still regarded the situation "with hope" even though the disputants had been "eyeing each other across the status quo line with reserve and suspicion."

The U.S. representative suggested that the Security Council could best help in smoothing the path by expressing confidence in the Com-

mittee, and "leaving it free to bring about further adjustment" in the situation.

MALAYA

Wave of Violence and Crime

Colonial Secretary Creech Jones told the British House of Commons on June 16 that the government, through its High Commissioner in Malaya, was taking steps to counteract a politically-inspired wave of crime and violence raging through the Peninsula.

In the House of Lords, the Earl of Listowel, Minister for Colonial Affairs, declared: "We are aware that communism is behind a great many of these acts of violence. The Federation of Trades Unions in Malaya, which is a communist organization, has been dissolved. Everything is being done to protect the managers and planters."

On the 18th, the British High Commissioner proclaimed a state of emergency, affecting all nine of the states of the Federation. In a roundup of communist organizations throughout Malaya, about 600 persons were reported to have been arrested by June 21. In London, Creech Jones told representatives of British industrial and commercial interests in the Federation that the British Government was determined to "eradicate the root causes" of the political terrorism threatening British lives and property there. Violence flared anew on the following day (23rd), and the commander of the Singapore district called a conference of military leaders to discuss the crisis.

High British political and military officials in Malaya conferred in Kuala Lumpur on June 28 to plan new operations against the terrorists. The Malaya Government issued a new emergency regulation, stating that 10 years' penal servitude would be given anyone failing to report a terrorist. The Colonial Office in London announced (28th) that the High Commissioner was expected to return to Great Britain within the next few days to consult with the government on the situation in Malaya.

A British military communiqué, issued on June 30, indicated that guerrilla terrorists in the tin mining area around Ipoh, in Perak State, were being routed. "Informed sources" in London said that the government was considering the appointment of a High Commissioner with military experience rather than training in colonial affairs to end the insurrectionary movement. By the end of June, more than 50 persons had been killed and wounded in the disorders.

PHILIPPINES

Hukbalahap Rebellion

The three-year Hukbalahap rebellion, composed of communistic peasant rebels in central Luzon, appeared to be ended when Luis Taruc, rebel leader, offered the following "armed peace" proposal to the Philippine Government on May 24:

"Assuming there are no provocations from the Philippines Constabulary, there can immediately be an armed peace in central Luzon and in other places where we have organizations. So long as the Constabulary does not attack, so long will we refrain from attacking them. This condition of armed truce can last indefinitely until such time as a really democratic state is established by peaceful constitutional means--if this is still possible--and by revolution if this is the remaining alternative."

On June 21, a proclamation was signed by President Quirino in the presence of Taruc granting absolute amnesty to the Hukbalahaps. This document specified that these followers should "present themselves with all their arms and ammunition" to Government authorities within 20 days. It forgave "crimes of rebellion, sedition, illegal association, assault upon, resistance to and disobedience to persons in authority, and/or illegal possession of firearms." Included in the amnesty were members of the Philippine Peasants Union (PKM) for which Taruc had claimed more than one million members. The Hukbalahaps were the armed forces of that organization, and their strength had been estimated at from 5,000 to 10,000 men.

The Philippine Congress voted on the 25th to seat "Communist" Taruc who had been elected to that body in 1946, but who had been denied access to the Congress on grounds of fraud. In his maiden speech Taruc said: "I do not come to surrender but to co-operate with the administration for the welfare of the people. The word 'surrender' is poison to our crystal cup of better relations."

SIAM

Recognition of New Government

The United States on May 3 formally recognized the new Siamese Government that had been

formed on April 9 under the Premiership of Marshal Luang Pibul Songgram following the resignation, under "military pressure," of the government that had been in power since November 1947. The next day, the Soviet Minister-Designate presented his credentials, marking the first time the Soviet Union had been represented in Siam. These steps followed similar action taken by Great Britain, China, Denmark, and the Netherlands.

New King

The Siamese Cabinet, on May 21, invited King Phumiphon Adulet (younger brother of former King Ananda Phaidol, killed two years ago) to return to Siam and be crowned Monarch on December 5--his 21st birthday. A member of the Regency Council was named to bear the formal invitation to the King, presently a student in Switzerland.

EAST ASIA

In reviewing the developments that are summarized under the section devoted to China, reference should be made to the action taken by the United States during May and June to provide aid to China. An account of the developments in this connection appears later in this Summary under the section on Economic Relations.

Note should also be made, in reference to the United Nations system, of the activities of the special United Nations Commission in Korea.

CHINA

Reorganization of the Government

The National Assembly adjourned on May 1 after electing Chiang Kai-shek as President and Gen. Li Tsung-jen as Vice-President. The new Legislative Yuan held its first session in Nanking on the 10th, with only about 300 of its complement of 773 in attendance. The Young China party and the Democratic Socialist party representatives were not present because of a dispute between these two parties and the Koumintang over the allocation of seats. Dr. Sun Fo was re-elected President of the Legislative Yuan on the 18th. At the same time, Chen Li-Fu was appointed Vice-President, defeating 24 other aspirants for the post.

The interim Executive Yuan (Cabinet), which had come into being in April 1947, resigned en bloc on May 19 to allow the new President of China to reorganize the executive branch of the government after his inauguration. Premier Chang Chun announced that he did not desire to continue as Prime Minister under the new government.

On the 20th, Generalissimo Chiang Kai-shek and Gen. Li Tsung-jen were inaugurated as China's first President and Vice-President, respectively. In his inaugural address the President pledged complete allegiance to the Constitution as a foundation for democracy within China, and called for a domestic program in which the standard of living would be raised,

the currency stabilized, the budget balanced, transportation improved, land ownership equalized, and foreign investment welcomed. On the nation's foreign policy stand, Chiang declared in part:

"... concerning China's attitude toward the conclusion of peace treaties. ... It has been my belief that, either toward Germany or toward Japan, members of the "It is true that for our economic recovery we shall need international assistance. But we fully realize that only through self-help could we make international aid really effective. Following the establishment of the new Government, we shall continue to adhere to our policy of international cooperation, and shall carry out a program of self-help at the same time.

United Nations should one and all adopt a policy of magnanimity. ... In connection with Japan, we believe two points deserve attention. One, the Allied powers should do their best to foster the growth of truly democratic forces in Japan, so that there could be a genuine change in that nation's political and social systems and in the thoughts of the Japanese people with a view to uprooting Japanese militarism. ... Two, China has no excessive demands to make of Japan. After having suffered from Japanese aggression for more than eight years, China cannot but ask the other powers to recognize that she is entitled to a special position when the Japanese peace terms are to be decided. ..."

Dr. Wong Wen-hao (noted geologist and chairman of the National Resources Commission) was named Premier of China by President Chiang Kai-shek on May 24, after two other candidates had rejected the position. Dr. Wong, who was immediately confirmed by the Legislative Yuan, outlined a program for internal reforms, and also declared that the government's "Communist suppression" campaign would be vigorously pursued. The Young China party

decided to participate in the new Cabinet, but the Democratic Socialist party voted for non-participation.

Legislative Yuan Activities

The Foreign Affairs Committee of the Legislative Yuan took under consideration on June 2 a recommendation (formulated by 31 legislators) that "proper steps" be taken to prevent a resurgence of Japanese militarism and capitalism. The proposal suggested that the Government should undertake the following: adopt an independent foreign policy; ask for due reparations from Japan; and adopt a non-trade policy toward Japan pending the signing of the peace treaty. The Yuan referred the recommendation to its Foreign Affairs Committee for study.

Premier Wong Wen-hao, in his report on the administrative program of his Cabinet to the Legislative Yuan on the 11th, declared that the most urgent task of the Government at this time was the suppression of the Communist rebellion. He said that to do this successfully, both the nation's resources and efforts needed to be mobilized. Regarding a currency reform program, the Premier stated that: (1) the country's exports should be increased in quantity (including such items as tung oil, wool, tungsten and tin); (2) the remittances of overseas Chinese should be regained; (3) smuggling must be brought to an end; (4) the Government should take measures to ensure the supply of essential commodities; (5) public utilities should never lead other businesses in increasing prices; and (6) industrial and agricultural outputs should be increased.

The Premier, on the 16th, replied to interpellations of Legislative Yuan members and further defined his administrative program. In the field of foreign affairs, he urged strict observance by both parties of the Sino-Soviet Treaty and the prevention of Japanese rearmament, as well as strenuous efforts to check the adoption of Communism.

Anti-American Demonstrations

Anti-American demonstrations, which began in Shanghai and quickly spread to colleges in Peiping caused U.S. Ambassador Stuart to issue on June 4 a formal declaration in answer to agitation against American policy in Japan. The hostility was said to be Communist-inspired work which had been centered in student groups with the intent of alienating Sino-American relations. Stuart pointed out that it was "all the more regrettable that this movement should

start at a time when the United States is embarking upon a large-scale and serious program to assist China in its present tragic plight." He added:

"Your interests in Japan and those of my country are identical. We do not want a Communist Japan and our surest method of preventing such a calamity is to enable the Japanese people to earn their own living. ...

"The basis of Japanese aggression was its overseas empire. It has now lost this empire and cannot regain it without military power. You may rest assured that the American people and Government will make sure that it does not do so."

The following day Foreign Minister Wang Shih-chien denied that there was any "ill feeling among the general public" against the United States. He stated that, while China and the American Government held divergent views on the disposal of war-supporting industries in Japan, neither country would "countenance Japanese rearmament." However, in Peiping about 4,000 students again demonstrated on June 9 against American policy toward Japan.

Price Control Plan

President Chiang Kai-shek on June 28 approved a price-control plan presented to him by the Premier, the details of which were not made public. Meanwhile on the municipal level, authorities throughout China were adopting counter-measures against mounting commodity prices. In Shanghai, the following steps were decided upon at an emergency meeting called by the Garrison Commander: (1) extension of rationing to all daily necessities; (2) suppression of dealings in gold and foreign currencies; (3) the eradication of speculation and market manipulation; (4) holding the line on commodity prices; and (5) close supervision of the activities of banks and fiduciary concerns.

Progress of Civil War

Early in May fighting centered around Linfen, an important strategic south Shansi city. In making an attack on this location, the Communists were reported--without confirmation--to have used poison gas. In central Honan, Nationalist forces recovered the railway city of Hsuehchang on the 11th, as well as Mihsien--some 50 miles northwest of the rail center. Reports from the Shensi-Kansu border indicated

that by mid-May the Communists had suffered serious defeats in their northwest campaign which had resulted in the death or capture of more than 10,000 rebels.

A new Chief of the General Staff, General Ku Chu-tung (succeeding General Chen Cheng) was appointed in Nanking on May 13. It was expected that General Ku would center his attention upon the Manchurian battlefield. On the 16th, the Peiping-Mukden Railway reportedly had been severed by the Communists on both sides of Shanhaikwan--the coastal pass at the eastern terminus of the Great Wall. The Defense Ministry announced on May 18 that enemy troops had driven down in force from southwestern Honan and captured Laohokow, major port on the Han River in Hupeh Province. "Unchallenged control" of this city was regarded as a serious menace to Nationalist shipping on the Yangtze River. By the 22nd, however, Government forces had recovered the vital center and forced the enemy back from Laohokow northward into southern Honan.

The Chinese Communist radio announced from North Shensi on May 25 that the Reds had set up a "united administrative region," to be called the "North China Liberated Area," in seven North China provinces. The broadcast said the area was composed of the major portion of Hopeh and Shansi Provinces, part of Shantung Province on the east, part of Honan on the south, and parts of Jehol, Chahar and Suiyuan on the north. The report continued that the governments and Communist party bureaus had been merged, and the armies in the region placed under one administration.

Two Government armies defending isolated Chanchun, former capital of Manchukuo, lost their air supply contact with China proper on the 27th when Communist forces seized one airfield south of the city and "stepped up" attacks against the field to the north.

Launching new attacks in June, Communist forces on the 3rd moved against Chengteh, the provincial capital of Jehol. The city's strategic importance lies in its location in the center of a "geographical shield" protecting the Peiping-Tientsin area. The next day, however, Government sources stated that the enemy had "beat a hasty retreat" following Nationalist action from all sides of the besieged capital. An extensive battle was also reported between five government divisions and well over 10,000 Communists on the Honan plain east of Nanyang. On the 5th, a Chinese military spokesman claimed the Nationalists had the victory in the "battle of the plains" in central China, but conceded heavy setbacks in Shantung Province where the Government was losing control of the

Tientsin-Pukow railway which connects Nanking with Peiping and Tientsin in North China.

In the battle for Changchun, by June 7 six Communist divisions had closed in on the former capital. It was estimated that the enemy force concentrated in this area numbered 120,000 men. In Shantung also, the Communists had regained control of most of the province by the 10th.

The situation in Kaifeng, the capital of Honan Province, became critical on June 18 when 20,000 Communist troops drove forward to the gates of the city. The capital fell on the 20th. Generalissimo Chiang Kai-shek said the Government would "use every effort" to recapture Kaifeng--important militarily as a strong point on the Lung-hai railway, and important politically as the "capital of Central China."

An official bulletin issued in Nanking on the 25th claimed that Kaifeng had been recaptured. The following day government military dispatches said that their troops followed up the capture of Kaifeng by storming Taian on the Tientsin-Pukow Railway.

JAPAN

U.S. Rejection of Flight Protests

On May 27, the United States rejected, as being without substantiation, a series of Soviet protests--extending over several months--concerning the activities of American aircraft over waters adjoining Japan.

It was added that the U.S. Government considered these activities legitimate and was unable to "accept the Soviet contention that they constitute in any way a violation of the freedom of commercial shipping."

Long-Range Economic Plan

Under a long-range economic plan, released by the Japanese Government on June 7 an indication was given that the establishment of an exchange rate and the abolition of price ceilings would not be realized before the middle of 1950. The Finance Minister divided recovery plans into four periods: the preliminary phase to last until October 1948 (elimination of industrial unrest; budget balancing; stabilization of key industries); the second until March 1949 (drive against black markets; basic food ration increase); the third until December 1949 (budget balancing; increased production); and the fourth from January 1950 "for six to twelve months" (establishment of provisional exchange rate; completion of "preparations for attracting private foreign capital").

Japanese-American Trade

Gen. MacArthur announced on June 8 that he had approved a \$60 million cotton fund--representing the first credit to be negotiated under the "Occupied Japan Export-Import Revolving Fund." The agreement (negotiated between the administration of the fund and a group of American banks) established a credit for the purchase of raw cotton up to \$60 million until December 31, 1949.

"Purge" Completed

It was announced on June 24 that United States Army officials had completed the program of purging Japanese militarists and ultra-nationalists from government offices in Japan. This action was in addition to the removal of business men removed from managerial posts or employees of former Zaibatsu concerns barred from working for any company formerly under the same family holding company. Occupation authorities said that action under the purge program is of a permanent character "for which the Allied powers will unquestionably hold future Japanese governments fully responsible."

1948 Budget

The Japanese Government, at an extraordinary Cabinet session on May 27, adopted a draft--third submitted--of the 1948 national budget. The amount, 399,300 million yen (\$7,986 million at the current rate of exchange), was the largest in Japanese history.

Finance Minister Tokutaro Kitamura, in an opening speech on the budget debate on June 4, told the lower house of the Diet that the Japanese Government planned to take 21 per cent of the national income under the 1948 budget. "I acknowledge," he stated, "that this burden is very heavy because the actual power of our country's economy is still low. But for economic rehabilitation and stabilization the burden must be borne by the people." The scheduled debate had been delayed since May 27 over a dispute as to the Cabinet's method of presenting its financial estimates.

During the course of the budget debate, the Finance Minister told the upper house of the Diet on June 11 that the Japanese Government planned to increase its issue of unsecured paper money by about one-third of its record 1948 budget--if approved by the Diet. Mr. Kitamura said: "I do not believe this action will lead to further inflation. Social unrest

might be caused by an attempt to tie the currency to foreign exchange or gold and the Government has no intention to effect any such change of currency."

On June 30, leaders of the three governmental parties finally reached agreement on the budget, thus settling the dispute that had been going on since the budget was introduced to the Diet. The compromise was reached six days after the United States chief of headquarters economic and scientific section had asserted that the prompt passage of a budget measure was a prerequisite of United States aid. The enactment of a 399 billion yen appropriation bill for 1948 was anticipated by July 5.

KOREA

"People's Committee" Constitution

The Pyongyang, North Korea, radio announced on May 1 that the "People's Committee" (the Soviet-dominated North Korean government) had adopted a constitution, claiming jurisdiction over the entire country. The charter provides for a popularly elected assembly, a fifteen-member presidium chosen by the assembly to rule the country, and government ownership of natural resources, utilities, and "other important enterprises," as well as state planning for "economy and culture." The document bans absentee landlordism, and names Seoul as the capital, although provision is made for the present seat of government to remain in Pyongyang.

Lieut. Gen. John R. Hodge, U.S. Commander in South Korea, upon being informed of the new constitution, immediately released the text of a letter he had sent on April 27 to the Soviet Commander, in which Hodge declared: "I do not recognize the People's Committee as the government of North Korea, and I do not intend to negotiate with the People's Committee..."

North Korea Conference

Further details of the results of the Soviet-sponsored North Korean Conference that had ended the last week in April were made public in Seoul early in May. Two South Korean leaders, Dr. Kimm Kiusic and Kim Koo, issued a joint statement on May 6 following their return from North Korea. They declared that the conference proved Koreans could unify the country by themselves, and that North Korean authorities had assured them no attempt would be made to set up a separate government there. Dr. Kimm, speaking individually, asserted that

he was "not going to oppose the United Nations-sponsored election in South Korea." He praised progress made under the North Korean communist regime, but emphasized his unwillingness to surrender personal liberties to the degree required by such a system. However, he charged that American occupation had brought "chaos and disorder" to South Korea.

Meanwhile, Gen. Hodge had issued a statement to the Korean people on May 3 in which he declared the Soviet-sponsored North and South Korean joint political gathering could more appropriately have been termed the "all-Korean Communist conference." The American commander continued:

"This conference was a device used in the attempt to trick Koreans and the world's people into the belief that all Korea was represented there and that all these representatives have approved a new government add its constitution. How many of you approve a constitution copied from that of the satellite states of Eastern Europe and approved by a handful of self-appointed stooges who take all their orders from their foreign masters?"

Gen. Hodge said the people could answer the question he had posed by voting in the May 10 elections.

Troop Withdrawal

In a broadcast over the Soviet-controlled North Korea radio in Pyongyang on May 8, it was announced that Lieut. General Korotkov (the Soviet commander) had notified Kim Doo Bong (head of the Communist party in North Korea) that: "The Government of the Soviet Union has had the necessary arrangements made for an immediate withdrawal of its forces from Korea in order to make the American troops withdraw from Korea simultaneously." General Korotkov further stated that his Government agreed with the demand of the recent conference for the immediate troop withdrawal so that the Koreans could "without foreign interference hold free general elections for the formation of a democratic national government." It was also said that "the Government of the Soviet Union knows very well and sympathizes with the aspirations of the Korean people to found a united, democratic, independent Korea."

In South Korea, Lieut. General Hodge said he had "no comment" to make on the latest Soviet move. American military authorities, however, called it "just another propaganda stunt," and pointed out there were no indications that the

Soviets were "actually packing."

The North Korean Soviet-controlled radio made the following announcement on June 9:

"According to instructions of headquarters of the Soviet Occupation Army in North Korea, the Soviet army in North Korea will be reduced. In connection with this, Guard Lieutenant General G.P. Korotkov will return to the Soviet Union with members of his staff and office. The remaining Soviet occupation army will be under the command of Major General S.P. Merukov."

May 10 Election

With the approach of elections in South Korea, Communist labor leaders stepped up attempts to bring about widespread strikes in Government offices, banks, schools and industries. Ignoring Communist threats of violence and reprisal, however, on May 10 over 85 per cent of South Korea's eligible voters (8,000,000) went to the polls to choose a Korean National Assembly. When the voting had been completed, the police listed election-day dead at 35. Violence was kept to a minimum with Communist-led attacks failing to reach the proportions expected.

United Nations observation groups returned to Seoul on May 12 after having observed the elections in the nine provinces of the United States zone. At a meeting on the same day, the United Nations Commission agreed to proceed to Shanghai not later than May 18 to prepare the first part of its report to the General Assembly. An earlier decision to prepare the report in Tokyo was withdrawn after General MacArthur's headquarters had advised that it was impossible for the group to go to Japan due to a "lack of adequate facilities and other reasons connected with the status of the commission. ..."

Convening of National Assembly

The National Election Committee stated on May 25 that the recently elected Korean National Representative Assembly would shortly meet to take the preliminary steps toward the formation of a national government. Gen. Hodge authorized the chairman of the election committee to call the first meeting to order as chairman, and to "designate the oldest member as a temporary chairman who shall preside over the meeting until such time as the National Assembly has elected a chairman and determined its own government." Two days later, the Assembly met in an unscheduled secret session and elected Dr. Syngman Rhee (both the oldest

member and the outstanding candidate) as temporary chairman.

The Korean National Assembly was formally convened on May 31 in Seoul. Dr. Rhee, in an opening address, said:

"I have the honor formally to declare to the world that this day the Republic of Korea is born again and further to declare that this Assembly is the sole representative body of this nation. We regret deeply that our brethren of the five provinces in the north were not able to elect their representatives to participate with us in this Assembly. However, four and a half million refugees from the North participated in the national election and some of them have been elected as members of this house. ...

"[The Korean Government] will attempt to open direct friendly negotiations with the Soviet Union for a just solution of critical common problems of the two nations and to settle political, economic and other urgent problems with Japan through negotiations wherever possible.

"The American forces of occupation, we hope, will remain for security purposes until our Government has organized our own security force. However, the United States Government will act in this matter in accordance with the decision of the United Nations."

During the first week of June the Assembly, while working toward the establishment of a national government, indicated that it anticipated a favorable report from the United Nations Commission. The Assembly's committee on study of the constitution undertook an examination of the French and American governmental systems. A draft constitution, fitted to meet Korean requirements, was to be presented for discussion by the end of the month.

The United Nations Commission returned to Seoul from Shanghai on the 7th, after having completed the first part of its report to the General Assembly. This portion reviewed the political situation in Korea, the work of the Commission (since its arrival on January 8 in Seoul), and its observance of the May 10 elections. Under its terms of reference, the Commission was next to proceed to a study of the political picture in Korea "in the light of developments following the elections."

The first formal acknowledgment by the United Nations Commission of the creation of the National Assembly was contained in the text of a letter published on June 26. The letter stated that the Commission had taken note of

the "fact that a National Assembly was constituted on May 31 by elected representatives of the Korean people." It added that the Commission desired "to express the earnest hope that these representatives will seek to promote the early attainment of independence and the unification of Korea."

At a meeting of the U.N. Commission in Seoul on June 30, unanimous approval of the elections held on May 10 was announced. In the afternoon, the chairman told the Korean Assembly: "The results of the ballot on May 10, 1948, were a valid expression of the free will of the electorate in those parts of Korea which were accessible to the commission and in which the inhabitants constituted approximately two-thirds of the people of the whole of Korea."

Power Supply Controversy

The Soviet-controlled North Korean radio announced from Seoul on May 7 that, because Americans in South Korea had not paid for electric power which amounted to a "stupendous" sum, the North Korea People's Committee might find it necessary to suspend the power supply. Gen. Hodge immediately replied that 35 per cent of the amount of current bills had been paid, and that 40 per cent in commodities had been waiting for several weeks on railroad sidings.

A second ultimatum to South Korea was broadcast from the northern zone on the 10th, in which it was charged that Gen. Hodge's command had "displayed no honesty about the contract of power supplied from North Korea. Therefore we want to discuss this matter with Korean delegates from South Korea by May 14. If no delegates come to Pyongyang we can do nothing but cut off the electricity--which is against our will." Two days after this radio message, the American commander made public a letter he had sent on May 8 to Gen. Korotkov in which he had "demanded" an immediate conference because of the Soviet threats that were being made.

Power was cut off at noon on May 14 in a Soviet attempt to force American recognition of the Soviet-sponsored government of North Korea. U.S. military authorities termed the action "high-handed," and a letter from Gen. Hodge to Gen. Korotkov (written on the 21st) stated that "as a prelude to any further deliveries of goods in payment or in negotiations for future payments, I must request that the flow of power to South Korea be restored at once." The General also said: "[The power shut-off] can only be considered as a political

move to punish the more than 20,000,000 Korean people in South Korea in retaliation for their action on May 10 in expressing their desire for independence in the first free election in [their] long history... ."

In a further letter to Gen. Korotkov on June 15, Gen. Hodge asked again for a resumption of electric service for South Korea.

The new Soviet commander in North Korea, Gen. Merkulov, in response to Gen. Hodge's communications stated on the 17th that the "stopping of the flow of electric energy to South Korea, which was provoked by the failure of the American command to fulfill the payment agreement, has no relation to the question of separate elections in south Korea and there is no basis for merging these two questions." He instructed the American commander to negotiate in the future with the People's Committee "to whom belongs authority in north Korea and under whose administration in particular is nationalized industry, including electric power stations."

On June 26, the United States sent a formal note to the Soviet Union in regard to the situa-

tion. The note maintained that the Soviet occupation commander in north Korea had ignored the invitation of the United States commander to negotiate offers of settlement, and had denied responsibility for cutting off electric power to south Korea since May 17. The United States note said:

"It is the view of this Government that so long as Soviet forces remain in occupation of north Korea, the Soviet Command cannot divest itself unilaterally of its responsibilities, including the responsibility incurred under the agreement of June 17, 1947. Should the Soviet Command persist in refusing to maintain an adequate flow of electric power to south Korea, the people of that area will thereby be subjected to unwarranted hardships. It is urged, therefore, that instructions be transmitted to the Soviet Command in Korea to resume deliveries of electric power to South Korea immediately, and to participate with representatives of the United States Command in the negotiations proposed by General Hodge."

SOUTHWEST PACIFIC

The only development in this area during May and June that was of sufficient importance to warrant being noted in this Summary was the first meeting of the South Pacific Commission and an account of this meeting is given below. Developments in Australia and New Zealand and the Pacific Islands would also be covered in this section if they were believed to merit attention.

First Session of South Pacific Commission

The first session of the South Pacific Commission (set up at Canberra in February 1947) convened in Sydney on May 11, with a United States delegation in attendance. Other member nations included Australia, New Zealand, Great Britain, France, and the Netherlands. Australian Deputy Prime Minister Evatt said that the Commission was an example

of what a nonpolitical organization could do to promote international goodwill. A statement issued by the New Zealand External Affairs Department, made public on June 11, summarized the decisions of the first session of the Commission, decisions that affect about three million island peoples. The announcement declared that the member governments had fulfilled the undertakings entered into in the Canberra agreement of 1947. It also stated: (1) the permanent headquarters of the Commission will be at either Noumea or Suva; (2) an interim working committee will appoint a secretary-general, deputy secretary-general, and a deputy chairman of the South Pacific Research Council, and research workers; and (3) the Commission will start immediately to concern itself with increasing food production, raising nutritional standards, and increasing copra output, as well as with fisheries research, health improvement, and training in technical skills. The next meeting of the Commission was scheduled to be held in Sydney in October.

VI. WESTERN HEMISPHERE

The developments during May and June in the twenty Latin American republics in Canada, in Newfoundland and in the various territorial possessions and dependencies of the European powers in the Western Hemisphere are covered in this section of the Summary. An account of developments in the United States is not included, however, since these developments were covered in the opening section of this Summary.

Developments in the Western Hemisphere that are summarized in this section are grouped under three principal headings--the Inter-American System, North America and Caribbean Area, and South America. The first of these--the Inter-American System--covers events in the entire region. The other two--North American and Caribbean Area, and South America--cover events in geographical areas within the region.

INTER-AMERICAN SYSTEM

Although the Ninth International Conference of American States at Bogotá closed at the end of April the economic agreement concluded there was not officially signed until the beginning of May. A Summary of that agreement is, therefore, presented below. In this connection, reference should also be made to the account presented later in the section on Economic Relations regarding aid to Latin America.

Economic Agreement of Bogotá

The Ninth International Conference of American States in Bogotá, Colombia officially ended on May 2 with the signing of the Economic Agreement. The Agreement covered 13 chapters and a broad range of topics. Certain subjects of a controversial nature were not included in the Agreement, however, but were referred for study to a special Inter-American Economic Conference, to be held in Buenos Aires in the fall of 1948. Among these were matters concerning commercial policy, an inter-American development corporation and institute of commerce, short-term credit requirements, and a proposal for an inter-American bank.

In the Chapter on economic security (VI), the American states agreed "to cooperate among themselves and with other producing and consumer nations, for the purpose of concluding inter-governmental agreements to prevent or correct dislocations in international trade in regard to raw materials that are basic and essential for the economies of the producing countries of the Hemisphere..." It was also agreed that "the development of the principle contained in this Article is assigned to the Specialized Economic Conference to be held during the second half of the present year."

The United States, Ecuador, Mexico, Argentina, Uruguay, Cuba, Guatemala, Venezuela, and

Honduras, and others submitted reservations to the Agreement. The United States entered a "formal reservation" to the second paragraph of Article 3 of Chapter I, which stated that the states "reaffirm their resolution that, as a general policy, there should be taken into account the need to compensate for the disparity that is frequently noted between the prices of raw materials and the prices of manufactured products, by establishing the necessary balance between them." The United States also made reservations to Articles 30 and 31 of Chapter VI concerning co-operation "for the purpose of concluding inter-governmental agreements to prevent or correct dislocations in international trade in regard to raw materials that are basic and essential for the economies of the producing countries of the Hemisphere," and further providing that "states with common boundaries or those belonging within the same economic region, may conclude preferential agreements for purposes of economic development..."

First Session of Economic Commission for Latin America

The first session of the Economic Commission for Latin America (ECLA) convened in Santiago, Chile, on June 7. Among delegates in attendance were those from the 20 Latin American states, the United States, Great Britain, France, and the Netherlands. The Chilean Minister of Economy and Commerce was chosen chairman of the conference. He told the gathering that the European Recovery Program was not a solution for Latin American problems and that it would not aid countries seeking capital to expand their productive capacity.

The Commission completed six days of plenary meetings on the 15th. The chairman

summarized the needs emphasized by the speakers as follows: (1) over-all studies of economic conditions; (2) replacement of industrial and agricultural equipment worn out during the war; (3) co-ordinated economic action to assist Europe in recovery because of its benefit to Latin America; (4) studies to improve transportation; (5) methods for increasing the flow of foreign capital into Latin America;

(6) a study of inflation, its causes and possible cure; and (7) examination of balance of payments problems.

The Commission ended its sessions on June 25. It reported that no solution for the economic problems of Latin America could be expected until a complete survey of these difficulties was made and submitted to a second period of sessions--scheduled for Havana early in 1949.

NORTH AMERICA AND CARIBBEAN AREA

Presidential elections in Cuba and Panama, the establishment of the new government in Costa Rica and the referendum on the future status of Newfoundland were the major developments in this area during May and June. A summary of these along with developments in Canada and United States diplomatic recognition of Nicaragua are given below.

CANADA

New National Budget

The Canadian Finance Minister presented the 1948 budget to Parliament on May 18. He reported that the surplus for the year 1947 to 1948 amounted to \$670 million and that the estimated surplus for the current year was \$489 million. No provision, however, was made in the new budget for income tax reduction. The Finance Minister said he considered it preferable to prevent inflationary tendencies and to endeavor to provide against a future when markets might be less favorable by making payments on the national debt. He added that in the very great uncertainties in international affairs when "we may be confronted at any time, on short notice, with a large increase in expenses on national defense," it was advisable to maintain a substantial surplus. But the Finance Minister did announce the removal of a number of domestic taxes, the suspension until June 1949 of the British preferential duties on cotton and rayon piece goods, and the abolition of the three per cent special tax on imports from general tariff countries.

Economic Outlook

The Minister of Trade and Commerce stated on the 31st of May that, provided there were no work stoppages to slow down production, Canada's gross national income for 1948 would probably reach an all-time high of more than \$15 billion. The Minister said in part:

"The general economic outlook for Canada this year has been greatly improved by the

successful culmination of E.R.P. discussions. Arrangements have been made to maintain our flow of major commodity exports to the U.K. There is every indication that a high level of exports will be maintained because of the American dollars that will now be available to Western Europe. Some changes in the type of exports we send to Europe may be necessary to fit in with the Recovery Program or new markets may have to be found elsewhere for some of the goods we have been exporting to Western European countries. But with a few such adjustments in our export industries, production should continue at the 1947 level and will probably go higher."

COSTA RICA

Establishment of New Government

Following a revolution in March that had been settled through the good offices of the United States, Mexico, and the Vatican, Acting President Herrera (a leader of the insurrectionists) ruled on May 2 that the country had no Congress since it had failed to convene on the preceding day to hear his message. Accordingly, he turned over governmental power to his cabinet who were members of the revolutionary group (Figueres). Herrera proposed that the junta remain in power for two years, stressing that time was necessary to restore the country to normalcy and establish a new constitution. Otilio Ulate Blanco, president-elect (chosen on February 8) was said to be willing to delay his succession to office for that period.

The Second Republic was formally inaugurated on the 8th. It was officially decided that the junta would rule for 18 months, with a possible six-months extension if that were approved by the Constituent Assembly, to be elected on December 8.

Several days later (15th) a governmental decree was enacted annulling the bond issue that had been floated by the Picado government in power after the February elections to finance the campaign expenses of all the candidates. The Government also listed 115 persons and concerns whose property, bank funds, credit,

and power to transact business were frozen until they could prove that their wealth had been acquired honestly.

A nine-member commission was selected by the cabinet on the 27th to rewrite the constitution in conformity with the ideals and policies of the Second Republic. The old constitution, except for those articles governing civil rights and justice, had been suspended when the junta took control.

In a broadcast on June 19, the president of the Junta Government announced that he had suspended civil guarantees at midnight of the 18th because of a counter-revolutionary plot that Rafael Calderon Guardia y Munoz had been instigating in exile in Managua, with the assistance of communist leaders still in Costa Rica. He maintained that an aerial bombardment of San Jose and other cities had been planned for June 28.

CUBA

Presidential Election

Dr. Carlos Prío Socarras, former revolutionary leader, became Cuba's undisputed President-elect on June 2 as official election returns were received from all six provinces. Prío was endorsed by President Ramon Grau who, under Cuban law, was ineligible for re-election. The new President, who promised to rid Cuba of Communist influence, will take office on October 10 for a four-year term. Dr. Prío stated that, as leader of his country, he hoped "to maintain close, friendly relations with all the nations of the Continent."

NEWFOUNDLAND

Referendum on Future Status

On June 3, Newfoundland went to the polls to vote in a referendum on the future status of the island. There were three choices on the ballot: self-government, confederation with Canada, or continuation of the present Royal Commission rule for an additional five years. Although 90 per cent of the electorate voted, 51 per cent of the votes cast were required to make any one choice effective, and this requirement was not

met. The Governor announced on June 6 that a second referendum would be held during the next month, and that the choice would be between responsible government and confederation. On June 14 the date was set for July 22.

NICARAGUA

U.S. Recognition

After almost a year of nonrecognition of the Nicaraguan Government--established by a coup d'état in May 1947--the United States Government on May 6 informed Nicaragua that it was prepared to appoint a new ambassador "in view of the resolution of the Ninth International Conference of American States at Bogotá concerning the desirability of continuity of diplomatic relations among the American republics." (This resolution provides that the continuance of such relations does not imply approval of the internal policies of one country by another.)

PANAMA

Presidential Election

Panama held its first presidential election since 1940 on May 9. The voting--for a president, two vice-presidents, and 42 members of the National Assembly--was carried out in an orderly manner. According to unofficial figures on the 28th, Dr. Arnulfo Arias of the Authentic Revolutionary (opposition) party, defeated Domingo Diaz Arosemena of the Liberal (government) and Union parties by a margin of 1,562 votes.

The eligibility of Arias for the presidency had been challenged because the constitution bars anyone elected president from running again until two terms have elapsed from the date of last holding office. Arias, who had been a leader of the 1931 revolution which overthrew Florencio H. Arosemena as president, became president in 1940, but in 1941 was overthrown by a bloodless coup and exiled for four years. Consequently, the Supreme Court must decide on his eligibility, and the national election jury must rule on challenged votes and count all ballots before the results become final.

SOUTH AMERICA

Two developments during May and June were of importance to South America as a whole. First of these was the completion of the preliminary work for a Gran Colombia customs

union to which other American republics adhere. Second was the establishment of the Amazon Institute as a collaborative undertaking by several states in the Amazon basin.

Gran Colombia Customs Union

Delegates to a preparatory commission for a general conference of the Gran Colombian states (Colombia, Ecuador, Panama, and Venezuela), meeting in Quito, adopted on June 5 a measure providing for a customs union of the four states. Under the union, duties on goods from member countries will be removed gradually by the participants. The Foreign Minister of Ecuador said that the agreement "begins a step that will carry us to economic liberation." Provision was also made for the adherence of other Latin American nations to the agreement.

Other recommendations made by the commission were that the basis be laid for a Gran Colombian central bank; a joint insurance underwriting firm; unification of the social security systems of the four states; an agreement on patents and trademarks; a joint air line; and central institutes for scientific and technical development.

Amazon Institute Set Up

At the close of an UNESCO-sponsored Amazon Conference (10th) that opened in Iquitos, Peru, on May 1, 10 nations signed two agreements, creating the International Institute of Amazon Forests. One sets up the Institute, and the second--a financial annex--provides funds for its operations. The immediate formation of an interim commission to start surveying the Amazon watershed, with a view to determining how its resources can best be made available to the world was determined upon. This work would be continued by the Institute when the pacts have been ratified by a majority of the states concerned. These include: Bolivia, Brazil, Colombia, Ecuador, Peru, Venezuela, France, Great Britain, and the Netherlands.

ARGENTINA

Peron's Statement at Opening of Congress

President Peron, speaking at the opening session of the 82nd legislative period of the Congress, on May 1, said that he did not wish to succeed himself in office, and that he would be opposed to any change in the constitution that would grant him the right to re-election. Peron also stated that "between the capitalist economic system and the Communist system of Russia there exists fundamentally no difference except in form and name." He explained that until his own regime came into power, there had

been only these two systems in the world, but that he had instituted a third to stand between the two "which is now becoming universally understood."

Foreign Exchange Difficulties

It was reported on May 19 that U.S. Ambassador Bruce had been carrying on preliminary discussions with President Peron on the problems facing American businessmen in Argentina in getting remittances (these amounted to about \$25 million per annum in former years) and in obtaining licenses permitting them to bring goods into it. Two days later the Central Bank--which had recently taken drastic steps to conserve the scarce supply of dollars in the country--instituted another restriction on foreign exchange. It limited remittances for "family aid" in hard currency countries to 100 pesos per month for each beneficiary. However, the Minister of the Interior was optimistic about the "economic prosperity" of the country. He said:

"Dollars to a certain extent are short but dollars are not the only exchange that exists. If we do not have dollars we will not buy in dollars. The Argentine Republic is going to have dollars because it has food. The world lacks food and it is not going to get it unless our country provides it."

On June 23, the Central Bank set a new official bank rate for transfers that, subject to control by the Bank, gave dollars paid into normal banking channels in the United States more than 20 per cent greater purchasing power in pesos. Also, according to the new regulations, it became technically possible to remit freely all earnings and interest on capital that had been brought into Argentina since January 1. However, the government did nothing to make available the dollars that would be necessary for such conversions.

Soviet-Argentine Trade Negotiations

The Argentine Foreign Office announced on June 11 that trade negotiations between Argentina and the Soviet Union, which had been suspended on March 7, 1947, had been resumed. A spokesman asserted that the renewal of these talks indicated the scope of President Peron's foreign policy, whereby he hoped to deal amicably with "all the world."

CHILE

Anglo-Chilean Financial Agreement

On June 26, the British Treasury announced that conversations had been taking place in Santiago between British and Chilean representatives "with a view to improving financial and economic relations between the two countries." As a result, according to the statement, "Chile has entered the transferable account area," and a payments agreement was signed on the 25th. It was anticipated that this change in the system of payments would result in increased trade between Chile and Great Britain and other states in the sterling area. It was reported that conversations were continuing on future trade and on the question of commercial and financial payments.

COLOMBIA

Soviet-Colombian Relations Severed

The Soviet Chargé d'Affaires in Bogotá delivered a protest to the Colombian authorities on May 2 against "an armed raid" made on the residence of the Soviet Mission's employees (12th) during April disturbances. It was charged that the residents were searched and their documents, money, and personal valuables were taken. The Soviet Government asked for the return of these properties and the prompt apprehension of the guilty.

The following day, the Colombian Cabinet severed diplomatic relations with the Soviet Union. This action had been threatened late in April after President Mariano Ospina Pérez blamed international communism for the revolutionary rioting that started on April 9 while the Ninth International Conference of American States was in session.

ECUADOR

Presidential Election

The presidential election was held on June 6--the first such election since 1940--with the largest registration (500,000) in the history of the country. By the 7th Senator Galo Plaza Lasso, former Ambassador to the United States,

had been proclaimed president-elect, but unexpectedly strong support in the outlying districts for the candidacy of Manuel Elicio Flor Torres later made the results uncertain. However, by June 29 the election of Plaza was virtually assured.

PARAGUAY

Army Coup d'Etat

An eight-year dictatorship of Gen. Higinio Morinigo ended on June 3 when the President yielded his office "at the request of the people and the armed forces" in the words of the announcement over the official radio in Asunción. The forced resignation, achieved without any demonstrations or uprisings, followed a controversy over the status of the Asunción police chief whom General Morinigo wished to dismiss. This, it was said, conflicted with a bill recently passed by the Congress prohibiting the dismissal without legal justification of public employees "loyal to the Government." The majority of the Cabinet resigned at the same time.

Until President-elect Juan Natalicio Gonzalez takes the oath of office on August 15, Dr. Juan Manuel Frutos was named to serve as interim President. Dr. Frutos resigned on June 2 as Chief Justice of the Supreme Court, and took the oath as Provisional President before a joint session of the Congress of the elected House and the Government-appointed Upper House on the 3rd. He proceeded immediately to appoint members to a new cabinet.

VENEZUELA

Political Disorders

On May 21, the government ordered an investigation into the activities of the National Anti-Communist Front, an extreme right-wing group. The Democratic Action majority in the Congress recommended this step after the explosion of a bomb at the headquarters of the majority party.

The Cabinet, because of threats of "public disorder," voted emergency powers for President Gallegos on June 19. They agreed to invoke Article 77 of the constitution, authorizing the President to make arbitrary arrests when public order is threatened. The newspaper *ULTIMAS NOTIFICIAS* said in Caracas on the 21st that 15 people had been arrested in connection with an alleged revolutionary plot.

VII. ECONOMIC RELATIONS

In this section, the developments in economic relations are presented under four principal headings--Foreign Aid Programs, World Trading System, International Financial Network, and Transport and Communications. Under each of these four headings, the accounts of the events are arranged approximately in a chronological order.

Earlier sections of this Summary, especially

those dealing with geographic areas, have presented accounts of developments bearing on international economic relations. For that reason, reference should be made to the previous sections, as is indicated below in several specific instances, in order that a complete view can be obtained of all the developments that are affecting international economic relations.

FOREIGN AID PROGRAMS

In connection with the developments summarized below, reference should be made to the accounts of events presented in the sections under Europe that are devoted to the activities of the Economic Commission for Europe and the Organization for European Economic Cooperation. These European developments are, for obvious reasons, closely linked with the events, recounted below, that bear on the extension of United States aid to Europe.

U. S. Administration and Policies

The last of the three major appointments under the Economic Cooperation Act was made on May 3, when President Truman nominated Howard Bruce, Baltimore industrialist and wartime army procurement expert, as Deputy Administrator of the European Recovery Program.

ECA Administrator Paul G. Hoffman said on May 4 that, in making loans under the Recovery Program, he would "lean toward projects which will get reasonably quick results in increased productivity." He added that he would not favor long term plans unlikely to show results for four or five years because "we do not think European Recovery can wait that long."

Hoffman emphasized that recovery program planning should be undertaken by the Organization for European Economic Cooperation, the function of the American administration (ECA) being to "screen" and act upon plans approved by the European organization. In this connection, he announced the next day (5th) that he had set up an industry division to make proposals to the ECA staff in Paris, and to review plans for increased industrial productivity submitted by the participating nations.

On the 6th, the Economic Cooperation Administration pointed out that operations under the Recovery Program would as far as possible

be conducted through private business organizations; that ERP legislation was "based on the belief that use and strengthening of private channels of trade is an important part of economic recovery, not only for Europe, but for the rest of the world." Efforts were therefore to be directed toward continual reduction of the area of government procurement. Under the procedure contemplated, it was noted, the European importer would, after consultation with his government, "initiate the first action in requesting permission to use ECA dollars to pay for a shipment."

Richard Bissell, deputy ECA Administrator, declared on June 16 that the ECA aimed at increasing trade among the European Recovery Program countries and that, even though prices might in some instances be higher, the ECA might prefer purchases to be made in Europe. As far as purchases in Latin America were concerned, he said, the improved food crop outlook in Europe indicated that certain supplies could probably be obtained in the United States as cheaply as in the Argentine, which would prove an economy in view of the lower shipping costs from the United States.

ECA consultant Hensel told Argentina's President Juan Péron on the 23rd that his country should not rely on being able to receive American dollars this year and advised him that the sale of products by Argentina would be subject to negotiations between that country and other governments concerned. He said later that the President "seemed to understand the situation thoroughly" and that the prospects of cooperation between the United States and Argentina were "very bright indeed."

Aid to China

Notes exchanged on April 30 between the U.S. Secretary of State and the Chinese Ambassador in Washington regarding the China Aid Act of

1948 were made public on May 3. In this exchange, China signified its intention to adhere "to the purposes and policies" of the Act and to conclude an agreement with the United States in accordance with the provisions of the legislation. China also agreed to make deposits in Chinese currency in respect of any assistance furnished by the United States in the form of a grant, such deposits to be used for United States administrative expenses in China and for such other purposes as might be agreed upon by the two countries. Finally, China agreed to the proposal that the United States appoint a special mission to China for economic co-operation.

The Chinese Executive Yuan agreed at a meeting on May 4 to establish a special committee, to be known as the Executive Yuan's Aid Utilization Committee, to handle all matters connected with the American aid program. It was announced on the next day that Roger D. Lapham, former mayor of San Francisco, had been named chief of the Special Mission to China for the Economic Cooperation Administration.

On May 11, the Economic Cooperation Administration authorized the first allocation to China under the U.S. Foreign Assistance Act--\$36.5 million to provide for the purchase of foodstuffs and other essential commodities (cotton, petroleum products, and fertilizer) in the next six months. ECA Administrator Hoffman said that all commodity aid to China during the current quarter would be by grant, and would be confined to those items that would contribute most to the welfare of the people of China and to the economic stability of the country.

The Economic Cooperation Administration announced on June 2 that it had named a survey group to examine the possibilities of reconstruction projects in China. Upon his arrival in Nanking, Charles L. Stillman, director of the group, said that major consideration would be given to the proposed expansion of the power plant in Shanghai, rehabilitation of the Hankow-Canton Railway, and development of coal mines south of Hankow.

Allocation of Funds

Tentative allocations of Economic Cooperation Administration Funds to 11 countries of western Europe were announced on May 15 by Administrator Paul G. Hoffman. The allotments were described by him as "of great importance to the participating countries in the planning of their respective recovery programs." They covered the April-June quarter of 1948, and provided for assistance in the forms of loans to Ireland and Iceland, a grant to Austria, and grants and

loans to Great Britain, Denmark, Italy, Norway, France, the Netherlands, and Belgium-Luxembourg.

The largest allocations were made to Great Britain (\$300 million in grants and \$100 million in loans), to France (\$300 million in grants and \$75 million in the form of a loan), and to Italy (\$140 million in grants and a \$25 million loan). The total allotment amounted to \$1.186 billion, comprising loans of \$278 million and grants of \$908 million. (Of the \$908 million in grants, \$160 million had already been authorized.)

The Administrator reminded participants that, in return for assistance furnished by grant, deposits to an equivalent value must be made in the currency of the country concerned. He also pointed out that, although allotments had been made for the first quarter, loans for a larger aggregate amount might be arranged if they were required to cover long-term projects.

Export-Import Bank Aid for Latin America

On May 3, Chairman Martin of the Export-Import Bank Board, testified before the Senate Committee on Banking and Currency on the \$500 million credit recommended for Latin America by President Truman on April 8. Martin declared that close co-operation would be maintained by the Bank and the International Bank in the development of the Latin American economy, and pointed out that the Export-Import Bank had previously authorized credits of over \$1 billion to that area. He told the Committee that the economies of these countries are relatively undeveloped, and that such development has become a prime objective of Latin American policy.

On June 1, the Senate adopted the bill increasing the lending authority of the Export Import Bank by \$500 million that had been recommended. The House of Representatives, however, failed to act on the bill before the Congress adjourned.

Congressional Action on Foreign Aid Appropriations

On May 10, President Truman asked for Congressional appropriation of the funds authorized under the U.S. Foreign Assistance Act, in addition to the \$5.3 billion for the European Recovery Program--for which appropriation had already been requested.

After several weeks of closed hearings, the House of Representatives Committee on Appropriations made public on June 3 its recommendations on the foreign aid program. The Committee proposed a total appropriation

of \$5.98 billion, thus cutting \$553 million, or approximately 25 per cent, from the Administration's request, most of which had already been authorized by Congress. It further reduced the sums to be allotted in the first year by suggesting that the appropriations for the Foreign Assistance Act should extend over a period of 15 months, instead of the 12 months covered in the authorizing legislation.

The appropriation bill, as reported by the Committee, had the following provisions: \$4 billion for the European Recovery Program for a period of 15 months, instead of \$4.245 billion for 12 months; \$200 million for Greek-Turkish aid; and \$400 million for China. In addition, the President's request for an appropriation of \$150 million for economic reconstruction in Japan, Korea, and the Ryukus was eliminated, leaving a total appropriation for the occupied areas of \$1.25 billion. The Committee also proposed that the \$20 million especially requested for aid to Trieste should be taken from the \$4 billion to be appropriated under the European Recovery Program.

Explaining the reduced estimate for the European Recovery Program, the committee said:

"It is admittedly impossible for anyone to state with any degree of assurance the actual needs of the participating countries within a billion dollars. ... The economic forces that will be set in motion by the initiation of this program will undoubtedly afford the Congress an opportunity at a later date to more accurately evaluate the conditions in and requirements of this peace-hungry world..."

Commenting on the Committee's findings Secretary of State Marshall observed on the 4th that in his opinion "the proposed reduction would ... alter the European Recovery Program from one of reconstruction to one of mere relief," and that Congressional confirmation of the proposed appropriation cuts would seriously affect the political situation in Europe.

Amidst anxiety abroad, some harsh criticism at home, and expressions of satisfaction in Communist quarters, the House of Representatives upheld the recommendations of its Committee on Appropriations on the 5th by a voice vote. The bill was then sent to the Senate for action.

Senator Vandenberg promptly requested "the earliest possible opportunity" to appear before the Senate Committee on Appropriations, and he was the first witness to be heard when the Committee opened hearings on the foreign aid bill on June 9. He urged that the Senate uphold

the authorizations at least until next January, when Congress would be in a better position to evaluate the needs of the world. He asserted that the House had made "a dangerous and improvident decision," and he condemned such a "cynical reversal" of "a major policy decision." He admitted that the authorization figures were "not untouchable," but he expressed strong opposition to the "meat-axe technique" employed.

On the 11th, Secretary of State Marshall and ECA Administrator Hoffman appeared before the Committee. Secretary Marshall pointed out that the "great purpose of the scheme" was that it should liquidate itself by 1952, but he maintained that, unless sufficient funds were provided to begin the program, it "would be most dangerous, costly, and unjustified." He emphasized that "the crux of the whole [foreign policy] situation hinges on the integrity of the United States in keeping its commitment."

Hoffman contended that the necessity of providing food, fuel, and raw materials meant that "the brunt of the cut must fall on the machinery and equipment necessary to restore or increase Europe's productive capacity," that is, on "the most productive and most far-reaching part of the recovery program." He stressed that now was the time to provide the funds, since "our rate of expenditure during the next six months will determine whether we are now launching a true recovery program."

On the 14th, the Senate Committee approved a total foreign aid program of \$6.12 billion as compared with \$5.98 billion approved by the House and \$6.53 billion requested by the Administration. However, the Committee recommended that the funds might be expended over a twelve-month period, instead of the 15 months required by the House. Specific recommendations included: \$4 billion for the European Recovery Program; \$1.325 billion for government and relief in occupied areas; \$460 million for China; and \$250 million for Greek-Turkish aid. The Senate Committee concurred in the House decision to earmark \$20 million of the European Recovery Program funds for assistance to Trieste.

Of the sum of \$460 million approved for assistance to China, the Committee suggested that \$335 million should be used for economic recovery and \$125 million for "aid upon terms established by the President for purposes for which the Chinese Government might make requests." In this connection the Senators recommended that care should be exercised "to hold [the latter] expenditures to military purposes."

By a vote of 60 to 9, the Senate on the 15th

approved the measure recommended by the Committee. Senator Vandenberg expressed certain reservations on the Committee's proposals but said: "Generally and over-all, I think the report is highly acceptable under all the circumstances, and I feel that the committee has proceeded in full accord with the tremendous undertaking we are underwriting in the bill."

As a conference committee of the two Houses was reported deadlocked in its efforts to reconcile the two measures, Senator Taft, chairman of the Senate Republican Policy Committee, announced on the 18th that he was prepared to support "the view of Senator Vandenberg as to what is essential to carry out our moral commitments to Europe," and added that he would be ready if necessary to postpone the adjournment of Congress in order to carry through the recovery legislation. The next night, however, agreement was reached on a \$6.03 billion appropriation bill that restored nearly all the cuts made by the House of Representatives. It provided \$4 billion for the European Recovery Program, including economic aid for Trieste; \$400 million for China, including \$125 million for military assistance; \$225 million for Greek-Turkish military aid; and \$1.3 billion for government and relief in occupied areas.

On the principal point at issue that had held up agreement in the joint committee, namely, the period over which the funds would be expended, the bill was worded so as to permit expenditures

for the European Recovery Program over a twelve-month period if rate of expenditure were recommended by the ECA Administrator and sanctioned by the President. Other appropriations for foreign aid were made on a twelve-month basis.

With a "deep sense of satisfaction," President Truman signed the bill on June 28. Pointing out that it represented "the combined judgment and will of the Executive and the Congress," he declared: "It furnishes concrete evidence and assurance to the free peoples of the world that we stand ready to work side by side with them to preserve free institutions in stability and peace."

Bilateral Agreements Signed

The first bilateral agreements, relating to the conditions upon which Western European nations would receive aid under the Economic Cooperation Act, were signed on June 28 by the United States with France, Italy, and Eire. The agreement with Italy, which the Department of State described as "typical," committed the Italian Government to exert "sustained efforts" to accomplish the recovery program; to mobilize assets in the United States; balance the budget "as soon as practicable"; establish financial stability; reduce trade barriers; and prevent restriction of business practices.

WORLD TRADING SYSTEM

A review of the developments during May and June given below should also take into consideration other developments recounted earlier in this Summary. Among these are the full economic union that has been proposed for the Benelux group, the Anglo-Irish trade pact, the Franco-Polish Trade agreement, the re-opening of Soviet-Argentine trade negotiations, and the economic agreement of Bogotá.

Renewal of Trade Agreements Act

A Tariff Subcommittee of the House of Representatives Committee on Ways and Means began closed hearings on May 3 regarding the extension of the Reciprocal Trade Agreements Act of 1934, which was due to expire on June 12 unless extended. Matthew Woll of the American Federation of Labor told the group that the trade agreement policy was a "failure," and called for an entirely new law. The National Grange

in a statement on the 4th said that it would "prefer to see the Act expire than to see it renewed in its present form. ... It has worked to the disadvantage of the farmer, possibly because so many countries have little or nothing to export to us except agricultural products."

Secretary of State Marshall appeared before the subcommittee on May 6 and urged the extension of the Act, terming it "the cornerstone and keystone of our foreign economic policy." The Secretary's endorsement followed that of the President and other Government officials, including Defense Secretary Forrestal and Ambassador Harriman. Marshall told the Subcommittee:

"... [The] great task confronting us in the economic field today is to build the kind of international trading conditions in which private trade can survive and grow. It is to this end that the United States has taken the lead since World War II in securing international agreement as to the rules which

should govern international trade and the reduction of the barriers imposed by governments against that trade. It is for that reason that we have sought and obtained agreement that equality of opportunity rather than discrimination should be the rule, that quotas would not be used for protective purposes, and that tariffs would be maintained at moderate levels....

"We have taken leadership in the world in every effort to keep the way open for private enterprise, and if we surrender that leadership, there does not appear to be any other country at present capable of assuming the leadership in the matter. ... Any serious weakening of the Trade Agreements Act at this critical period in world affairs would almost certainly be regarded by other countries not only as a surrender of our leadership in the international economic field, but as a repudiation of much that has been accomplished under our leadership in that field. The preservation of our leadership in this field depends upon the continuity and consistency of that policy."

The House Ways and Means Committee adopted on May 14 the Gearhart Bill to extend an amended Reciprocal Trade Agreements Act for one year. In the measure sponsored by the Administration, an interdepartmental committee would continue to have authority to hold hearings on prospective tariff changes and to report to the President. Under the bill approved by the Committee, this function would be delegated to the Tariff Commission. It also stipulated in the Committee legislation that if the report of the Commission was not followed, the President could not proclaim new rates until the Congress had opportunity (within 60 days) to object by concurrent resolution. The Chairman of the Ways and Means Committee explained:

"There are sound reasons for an extension for less than three years. Within the next year, the charter for an International Trade Organization will come before Congress. If adopted, this charter will require a different form of trade agreements legislation. The European Recovery Program will be reviewed and possibly revised and modernized before the end of 1949. Proposals for a United States of Europe, customs unions in Europe and Latin America and other international programs affecting trade are to be discussed. What could be more logical than for the United States to review and modernize the trade agreements procedure at that time?"

It was not until the 26th that the House, by a vote of 234 to 149, approved the extension of the Act for one year in the amended form and referred the bill to the Senate for action.

Testifying before the Senate Finance Committee on June 1, William L. Clayton, special adviser to the Secretary of State, opposed the bill as passed by the House. He cited three main objections: "(1) the bill in effect fixes responsibility for making changes in United States tariffs on the Tariff Commission, and on the Commission alone; (2) the Commission is isolated from the trade-agreements organization for the purpose of performing this function; [and] (3) the Commission is directed to consider only protection and to base its recommendations exclusively upon the needs of particular industries for protection."

Senate Committee hearings closed on the 5th. The Democratic members of the Committee made three attempts on the 7th to have the Act extended with its original provisions intact. They suggested successively extensions of three, two, or one years. In each instance the proposal was defeated 7 to 6.

Then the Committee (on the 8th), by the same vote of 7 to 6, substituted for the House bill a compromise measure proposed by Senators Millikin and Vandenberg. Under both the House bill and the Senate compromise, the Tariff Commission would be required in advance of future trade agreement negotiations to determine limits within which tariff adjustments and other trade concessions could be made to foreign countries on specific items without serious injury to domestic producers. Under the House bill, agreements containing adjustments and concessions that went beyond those limits would be subject to Congressional veto for sixty days after the negotiations for them were completed. But under the Senate compromise, the President would only have to send a message to the Congress within 30 days explaining his reasons for going beyond the limits set by the Tariff Commission. At the same time the Commission would furnish the Congress with a copy of the recommendations that it had made. Finally, as in the case of the House bill, the Senate compromise extended the Act--as thus amended--only to June 30, 1949.

On the same day (8th) the Senate Committee reported (by a vote of 8 to 5) the compromise measure to the Senate for action. In reporting the bill, the Committee said:

"There is much feeling that fully justifiable needs for tariffs adequate to safeguard the well-being of our domestic economy are

being subordinated to extraneous and perhaps over-valued, diplomatic objectives. There is considerable evidence that advice to the President against injurious tariff reductions and concessions is diluted and obscured in a maze of executive committees not primarily concerned with safeguarding our domestic producers against injury."

The Committee also declared that the Department of State had refused to give "unequivocal assurances that our domestic producers are being protected."

Senate leaders decided on June 11 to let the Act temporarily expire at midnight on the 12th. Subsequently, on the 14th, the Senate passed (70 to 18) the Millikin-Vandenberg compromise. The following day the House accepted the Senate version of the measure, and sent it to the House.

President Truman signed the Act on June 26, expressing "regret" at its "serious defects." He declared in part:

"I regret very much that the Congress has not seen fit to renew this authority for the customary three-year period. There is no valid reason for a one-year limitation, which appears to cast some doubt upon our intentions for the future.

"I will do my best to make the new procedures work. As a first step, I intend

to proceed in the near future with plans for bringing other countries into the general agreement on tariffs and trade signed with twenty-two countries at Geneva in October 1947.

"The Reciprocal Trade Agreements Program is one of high national policy. When the act is again extended next year, I trust that the defects contained in this year's extension will be corrected, in order that the act will be restored as a fully effective instrument of permanent United States policy."

Additional Signatories to General Agreement

Several more countries signed the Protocol of the Provisional Application of the General Agreement on Tariffs and Trade during May and June. India did so on June 8, and Norway and Southern Rhodesia on the 10th. Fifteen states, among them the United States and Great Britain, have so far become signatories of the Agreement.

During the same period, the United States also took the necessary legal action to put the Agreement into effect--insofar as the United States is concerned--with countries that had signed. Proclamations to this end were issued by President Truman for China on May 4 for the Union of South Africa on June 14, and for India, Norway, and Southern Rhodesia on the 25th.

INTERNATIONAL FINANCIAL NETWORK

In addition to the international monetary and financial developments during May and June that are given below, attention is also called to several others that have been reported earlier in this Summary. Among these are the five power financial talks in Western Europe, the Anglo-French agreement on a sterling credit, and the Anglo-Chilean financial agreement. The first two appear in the section on Europe and the third in the section on the Western Hemisphere.

Credits Extended by International Bank

The president of the International Bank announced on May 3 that \$1.6 billion had been earmarked for loans to stimulate South American agriculture and industry. He pointed out that this amount constituted 20 per cent of the total loan capital of the institution.

It was revealed on the 5th that the Bank had agreed in principle to an extension of credit to Turkey and to the sending of a mission of experts to that country to survey its applications

for a loan. On the 17th, it was announced that Belgium and Norway were the two newest loan possibilities of the Bank, raising the number of prospects to 17. A preliminary study had been made of the Belgian economy, and a delegation from that country was in Washington for conversations. Concerning Norway, it was said that talks had thus far been informal and were of a "general exploratory nature."

Report of National Advisory Council

The U.S. National Advisory Council transmitted a report to President Truman on May 17 dealing with the operations and policies of the International Bank for Reconstruction and Development and the International Monetary Fund. The Council concluded that the Bank and Fund should continue to receive the support of the United States. The report traced the activities of these organizations since their inception in 1946, and stated that, although their work had been seriously hampered by economic

and political dislocations in the postwar world, both bodies had made considerable progress and should be more nearly able to realize their objectives in the future.

Monetary Fund Action on Colombian Exchange System

The International Monetary Fund at its meeting of June 11 considered, at the request of the Colombian Government, that country's recent revisions of the Colombian exchange

system, including provision for a system of exchange taxes on imports and exchange premia for exports. These were intended to meet the present monetary situation in that state. The Fund took note of the emphasis laid by Colombia on the temporary nature of the regulations, but withheld its approval since in their present form the regulations contain features in conflict with the policies of the Fund. The Government of Colombia asked for further consultation with Fund officials, looking toward other ways of meeting its problems that would be acceptable to the Fund. It has agreed to such consultation.

TRANSPORT AND COMMUNICATIONS

Developments in the international field of transport and communications of sufficient importance to be reported in this Summary usually arise from the activities of the specialized agencies of the United Nations system. This is the case during May and June when the only developments to be summarized are those involving the activities of the International Civil Aviation Organization.

U.S. Report on ICAO 1945-48

The U.S. Department of State released on May 20 a report on the growth and accomplishments of the International Civil Aviation Organization from 1945 to 1948. The document concluded:

"On the whole, the outlook for ICAO is promising. Since it is an organization of states, its success must depend upon the degree of support in both financial and administrative matters which it receives from its members and upon the caliber of the men that are sent to represent member states on the Council, on the committees, and in the divisional and regional conferences. ... While there is room for improvement, the record to date justifies a high degree of confidence for the future."

Geneva Assembly of ICAO

In Geneva on June 1, the Second Assembly of the International Civil Aviation Organization opened meetings. About 250 delegates and observers from 36 nations were present. The

United States called for action on a treaty to establish a common basis for recognizing property rights in aircraft, explaining it believed that the adoption and ratification by the member states of such convention is "urgently required to serve the public interest in providing means whereby the operators of aircraft can obtain equipment so essential to the full realization of the potentialities of international air commerce."

Two days later, on June 19, the United States, Great Britain, Argentina, Belgium, Brazil, China, France, Portugal, the Netherlands, Iceland, and Peru signed a multilateral convention on the recognition of property rights in aircraft. When ratified, this convention would assure that property rights established in one signatory nation would be recognized in other signatory states, regardless of conflicting national law on priorities of various kinds of claims that might be placed against aircraft. The U.S. representative said: "The signing of this convention culminates years of work to facilitate the financing of the sale of aircraft. It will be of direct benefit both to the users and manufacturers of aircraft in all nations and through them to the traveling public. ..."

Among other issues, agreement was reached at the Geneva meeting on the following points: (1) the establishment of an Air Navigation Commission; (2) approval of the principle that airmen infringing local air regulations should be penalized by the offended countries, despite the nationality of the aviators; and (3) the recommendation of specific steps to simplify aviation border crossings.

The meetings ended on June 22. It was unanimously decided to hold the next Assembly in Montreal.

VIII. SOCIAL, HUMANITARIAN, AND CULTURAL RELATIONS

This section of the Summary covers developments in the broad fields of social, humanitarian and cultural relations. For purposes of presentation, the accounts of these developments are grouped into four broad categories, Labor and Social Welfare, Displaced Persons, Human Rights, and

International Information. A fifth group covering the field of Cultural Relations would also ordinarily be included. However, there were no developments in this field during May and June of sufficient importance to warrant their being reported in this Summary.

LABOR AND SOCIAL WELFARE

The specialized agencies of the United Nations system are especially active in the international labor and social welfare field. Consequently, many of the developments reported in this field arise out of the activities of these agencies. This is particularly true during May and June when the principal events, as reported below, involve the International Labor Organization and the World Health Organization.

INTERNATIONAL LABOR ORGANIZATION

Thirty-first General Conference

The 31st ILO General Conference convened at San Francisco on June 17, with delegates of government, management, and labor from over 50 of the 57 member countries present.

At its first plenary session on the 17th, the Conference elected its president, vice president, and a 32-member steering committee. By the following day, the eight working committees of the Conference had been established and they proceeded with their work in closed meetings.

One of the major issues of the meeting was the proposal for an international agreement that would guarantee the "inalienable rights" of workers and employers to join organizations of their own choice. Preliminary discussions of this proposal began in closed panel meetings on June 19. By the 26th, the working committee had approved eight articles of the draft of this convention.

WORLD HEALTH ORGANIZATION

Congressional Action on U.S. Membership

After a long delay, the U. S. House of Representatives Committee on Rules on May 20 finally cleared the way for full House

consideration of the bill providing for United States membership in the World Health Organization. The bill--an amended version of the one approved by the Senate at the last session of the Congress--authorized an annual contribution of \$1.92 million by the United States to the Organization and contained an additional clause stating that nothing in the WHO constitution "commits the United States to enact any specific legislative program regarding any matters referred to in said constitution."

The House passed the bill on the 28th, differences between the Senate and the House versions were subsequently adjusted, and President Truman signed the legislation on June 14. At the same time, he also signed the instrument accepting, on behalf of the United States, the WHO constitution.

It was announced on June 21 that the United States had transmitted to the United Nations Secretary-General its documents of acceptance for membership and participation in the World Health Organization. It was stipulated, however, that acceptance was subject to the provisions of the joint resolution of Congress on the matter.

In view of these restrictions, the Secretariat of the United Nations informed the Executive-Secretary of the Interim Commission of WHO that the United Nations Secretary-General was not in a position to determine whether the United States had become a party to the WHO Constitution. The Secretary-General, therefore, referred the question of American acceptance to the World Health Assembly opening in Geneva on June 24 for a decision.

Other Ratifications of WHO Constitution

During May and June several countries, in addition to the United States, indicated their acceptance of the WHO constitution. Poland approved it on May 7, Rumania on June 8, France on the 14th, Bulgaria on the 15th,

Iceland and Hungary on the 18th, the Dominican Republic on the 22nd, El Salvador on the 23rd, Pakistan on the 24th, and Belgium, Costa Rica, and Argentina on the 28th.

First Assembly of World Health Organization

The United States was provisionally admitted to the first Assembly of the World Health Organization on June 24, which opened on that day at Geneva. This action was taken despite the opinion of the United Nations legal department that the reservations placed by the U.S. Congress on participation of the American delegation had raised the issue of whether the United States could be considered to have ratified the constitution of the Organization.

The Soviet Union Deputy Minister of Public

Health, speaking before the Assembly on the 26th, criticized the public health services in the United States. He quoted President Truman as having said in a message to the Congress on January 7 of this year that many persons in the United States were unable to pay for proper medical care. The Soviet delegate declared that this was true despite "200,000 physicians" in the United States. A member of the U.S. delegation commented on these remarks: "No one has been able to find out what public health conditions actually are in the Soviet Union."

On the 28th, the Assembly considered membership applications from Ceylon, San Marino, and Monaco. It decided to accept Ceylon as a full member and to refer the other applications to committee. By the end of the month the Assembly session had just entered the committee stage.

DISPLACED PERSONS

A major development during May and June was the long-awaited favorable Congressional action on the admission of displaced persons to the United States. This event, along with the meeting of the Preparatory Commission of the International Refugee Organization, are the only two that are reported in this section of the Summary. Attention is called, however, to the reports of the Palestine truce negotiation, which involved the question of immigration.

Meeting of IRO Preparatory Commission

The IRO Preparatory Commission opened meetings in Geneva on May 4, with delegates of the 14 member governments in attendance. The executive secretary told the gathering that the European refugee problem was not being solved because of the failure of the nations to support adequately the efforts of the organization.

The British delegate outlined on May 7 the policy of his country in helping to solve the refugee problem. He stated that his government had taken 40,000 displaced persons, including 2,000 dependents, and explained that only lack of housing and shipping were imposing restrictions.

In the meeting of the 10th, Guatemala presented a resettlement project that would eventually re-establish 50,000 displaced persons in family groups in that country. However, such severe restrictions were imposed that representatives of voluntary relief agencies attending the meetings termed the Guatemalan plan a "slave system" and the "most disgraceful exploitation

of refugees yet publicly suggested." The Commission adjourned on the 12th.

The Preparatory Commission, in a May 13 announcement, said that 219,000 persons had been returned to their homes or resettled in new countries during the nine-month period ending March 31. At that time, 625,000 remained in IRO camps in Europe, the Middle East, and the Far East, and between 200,000 and 300,000 displaced persons were otherwise being maintained. The IRO further reported that since July 1, 1947 Great Britain had admitted 48,685 such persons; Belgium, 17,678; France, 16,594; Argentina, 6,699; Palestine, 5,824; Australia, 3,636; the Netherlands, 3,166; and Brazil, 2,784.

Congressional Action on Admission of Displaced Persons

Senators McGrath of Rhode Island and Hatch of New Mexico introduced in the Senate on May 12 a measure (similar to the Fellows Bill in the House), providing for the admission of 200,000 displaced persons, with minimum restrictions, to the United States over a two-year period. This bill was intended by its sponsors as a substitute for a bill approved by the Senate Judiciary Committee to admit, on a selective basis, 100,000 non-quota refugees in the next two fiscal years.

On the 20th, the Senate opened consideration of the bill reported out by the Judiciary Committee. At an evening session on June 2, the Senate approved (63 to 13) the Displaced Persons Act of 1948, a version similar to the Fellows legislation pending in the House of

Representatives and accepting, in general, the recommendations of the McGrath-Hatch proposals. In the Act, as adopted by the Senate, the number of displaced persons to be admitted in the next two years was increased to 200,000. Other stipulations included: (1) 50 per cent of those eligible to have agricultural backgrounds; (2) the same number to come from countries annexed by a foreign power; and (3) all persons admitted to be from Europe. The bill then went to the House for consideration, along with its own displaced persons legislation.

On June 11, the House passed the Fellows bill by a vote of 289 to 91. This measure sent to the Senate-House conference for co-ordination with the Senate legislation on displaced persons.

The House on the 18th approved and sent to the Senate a compromise measure adopted in the conference committee. The terms of the bill stipulated: (1) 200,000 displaced persons to be admitted within the next two years, and in addition 2,000 anti-communist Czechs, up to 3,000 homeless European orphans under 16 years of age, and 15,000 eligible displaced persons now in the United States on temporary visas; (2) only those displaced persons forced from their native lands between September 1, 1939 and December 22, 1945 will be "eligible"

for admission; (3) at least 40 per cent must come from countries annexed by foreign states; (4) not less than 30 per cent must be agricultural workers; and (5) household, construction, clothing, and garment workers also receive high entry priority under the measure that specifies screening to prevent the entry of communists and "undesirables."

The bill was passed by the Senate on the 19th by voice vote, and sent to the White House. President Truman, "with very great reluctance," signed the measure on June 25. He said in part:

"If the Congress were still in session, I would return this bill without my approval and urge that a fairer, more humane bill be passed. In its present form this bill is flagrantly discriminatory. It mocks the American tradition of fair play. Unfortunately, it was not passed until the last day of the session. ...

"I have signed this bill, in spite of its many defects, in order not to delay further the beginning of a resettlement program and in the expectation that the necessary remedial action will follow when the Congress reconvenes."

HUMAN RIGHTS

Reports on developments in the field of human rights during May and June involve only the activities of the United Nations Organization and more specifically its Commission on Human Rights established under the Economic and Social Council. The work of this Commission appeared to have approached a climax at its third session, the report of which is given in some detail below.

Third Session of the Human Rights Commission

The Human Rights Commission held its third session at Lake Success from May 24 to June 18. Mrs. Franklin D. Roosevelt was unanimously re-elected as chairman. After intensive work on revision of earlier drafts of the Declaration, the Commission adopted, on the closing day of the meeting, by a vote of 12 to 0 with 4 abstentions (the Soviet Union, the Ukraine, Byelorussia, and Yugoslavia), the preamble and draft International Declaration of Human Rights, setting up a "common standard of achievement for all peoples and all nations." It also decided to send to the Economic and Social Council the records of uncompleted work on the Covenant and on implementation of the Declaration.

A minority Soviet report was included at the conclusion of the Commission's report by a vote of 11 to 1, with 2 abstentions. This listed all amendments and articles submitted to the Commission by the Soviet Union. It declared that the draft Declaration "cannot duly insure respect for human rights," and described it as containing "very vague and general" statements which "150 years ago would have been a very substantial move forward."

The preamble to the draft Declaration proclaimed the document "as a common standard of achievement for all peoples and all nations, to the end that every individual and every organ of society, keeping this declaration constantly in mind, shall strive by teaching and education to promote respect for these rights and freedoms and by progressive measures, national and international, to secure their universal and effective recognition and observance, both among the people of member states themselves and among the people of territories under their jurisdiction."

Among the 28 articles in the main body of the document are ones stating that all human beings are "born free and equal in dignity and rights"; and are "entitled to all the rights and freedoms set forth in this declaration, without

distinction of any kind, such as race, color, sex, language, religion, political or other opinion, property or other status, or national or social origin." Articles relating to equality before the law, arbitrary detention or arrest, freedom of movement, asylum from persecution, and freedom of thought, conscience, and religion are also included.

The final Article states that "nothing in this Declaration shall imply the recognition of the right of any state or person to engage in any activity aimed at the destruction of any of the rights and freedoms prescribed herein."

Mrs. Roosevelt issued a statement on June 20, calling the completion of the final draft of the Declaration "an event of high importance to the world," an "accomplishment of the first

magnitude for the cause of human rights." She explained further that:

"The Commission had hoped to finish at this Session, in addition to the Declaration, a Covenant on Human Rights as well as measures on implementation. Nothing but the size of the job prevented that from being accomplished. The willingness of the delegates to work earnestly together toward a common objective, as shown in these meetings, is evidence that agreement on a Covenant is surer now than before. We are simply negotiating in two steps what we had hoped to do in one meeting. The Declaration thus is a stepping stone to a higher level of human relations in the world."

INTERNATIONAL INFORMATION

All of the developments reported below in the field of international information involve United States policy directly in one way or another. They also involve direct relations between the United States and other countries such as the Soviet Union and Poland. For that reason, the reports on them should be considered in relation to accounts earlier in this Summary of developments in United States relations with these two countries.

Report on Freedom of Information Conference

The unanimous report of the six United States delegates to the Conference on Freedom of Information (concluded in Geneva on April 21) was released on May 9. Addressed to the Secretary of State, the study pointed out that in the future conduct of its foreign policy "the United States should continue to take vigorous action in [the] field of freedom of thought and expression," in order to carry through "the constructive achievements begun by the Conference."

The delegation said it had proposed "that a second conference on freedom of information be convened within five years, perhaps more technical in character than the Geneva meeting." It indicated, also, that it had sponsored a resolution "with expanded but carefully guarded terms of reference of the United Nations Subcommittee on Freedom of Information and of the Press, in order that there would be continuing machinery at work in this complex field."

In conclusion, the report stated: "In promoting freedom of information, it must be made clear that we do not seek to monopolize news gathering by our agencies of communication.

We would welcome the development of strong organs of information by all countries of the world. ... We seek to promote freedom of information in order to extend and implement the right of everyone everywhere to be fully informed in the interests of democracy and international understanding, but we do oppose all restrictive measures under whatever guise. A heavy responsibility rests upon the Department of State in accomplishing this task. ... Yet we dare hope that through international co-operative action new avenues to liberty may eventually be opened to all the peoples of the world."

Criticism of "Voice of America" Broadcasts

Sharp criticism of the Department of State's "Voice of America" broadcasts was expressed in the U.S. Senate on May 26 as a consequence of certain scripts, describing "wonders of historical and present life in the United States," prepared by the National Broadcasting Company, and beamed in Spanish to Latin American countries. The Senators called these broadcasts "downright falsehoods," and President Truman on the 27th said he was having an investigation made within the Executive Branch to determine responsibility for the scripts. The Senate Foreign Relations Committee and a subcommittee of its Committee on Expenditures also undertook a joint investigation.

Meanwhile, a subcommittee of the House of Representatives Committee on Expenditures in the Executive Department opened hearings on the matter on the 28th, at which time a spokesman of the National Broadcasting Company accepted the responsibility for the "regrettable"

broadcasts. He explained that NBC had assumed that the Department of State was checking on the broadcasts. However, this had not been the case. Assistant Secretary of State Allen had explained a day earlier that the Department did not have the "authority and the machinery for supervision."

On June 2, the president of NBC offered at a hearing of the joint subcommittees of the Senate to lease the Company's international broadcasting facilities to the government for \$1 per year and to withdraw from the field of overseas shortwave programs. He also urged the Congress to expand the "Voice of America" broadcasts. On the 5th Allen declared: "We're giving the top priority to means of assuring adequate controls and a high standard of quality for all programs."

Soviet Charges Against U. S. Press

In a formal note to the United States on June 9--sent also to the Secretary-General of the United Nations--the Soviet Union charged that the American magazine *NEWSWEEK*, in its issue of May 17 contained "an article on a speech delivered by the Commander of the Strategic Air Command, Gen. Kenny, ... containing slanderous inventions about the Soviet Union... . The publication of this article is an example of unbridled propaganda for a war against the Soviet Union," the communication continued. It was also termed a "crude violation" of the General Assembly resolution condemning all forms of propaganda.

On June 29, Secretary of State Marshall, in a note to the Soviet Union, rejected the Soviet note of protest. Marshall explained that "the American attitude concerning the function of the press has been made clear to the Soviet Government at numerous meetings of various agencies of the United Nations at which the question of the freedom of the press has been discussed. It is a tradition in this country that the public press shall serve as a forum for the discussion of all questions of public concern."

Curb on Freedom of Information

The Polish Government issued a warning on May 5 to Poles who had been visiting the reading room of the United States Information Service in Warsaw. A number who had done so had been questioned and detained by local police. Asked to comment on the matter, General Victor Grosz, the Foreign Office spokesman said:

"The United States Information Service is placing Poles in jeopardy by editing and distributing information other than that which Poles could legally read in their own newspapers. ... The proper conclusions will be drawn against Poles who insist on visiting the United States Information Service to obtain propaganda pamphlets."

The following day, a U. S. Department of State spokesman declared:

"General Grosz's statement in Poland that the Information Service of the American Embassy in Warsaw is placing Polish citizens in jeopardy is direct proof, if any further proof were needed, that freedom of information, about which General Grosz himself has spoken in the past, does not exist in Poland. Polish citizens are threatened with exile or worse for obtaining from the U. S. Embassy the texts of speeches made in the United States and of the editorials published in American newspapers. It is the Polish Government and not the American Embassy in Warsaw which is placing Polish citizens in jeopardy. ..."

Following the reply made by the United States, General Grosz said: "They [Polish citizens] will find out soon enough that it is not worth while to pick it [literature] up." The General also warned U. S. correspondents that unless Polish correspondents waiting for entry visas into the United States were granted permits "within a reasonable time," the Polish Government would "reconsider its attitude toward American correspondents."

APPENDIX

LIST OF SELECTED DOCUMENTS

The documents listed in this Appendix are the more important ones issued during May and June bearing primarily on the developments recorded in this Summary. The list, which generally follows the arrangement of headings in the Summary, has been largely restricted to materials of an official nature, and limitations of space have made it necessary to choose only a very few of the principal items. For additional reference purposes, full texts or excerpts can usually be found in various newspapers or periodicals.

THE THREE GREAT POWERS

U.S. POLICIES AND PURPOSES REGARDING THE SOVIET UNION (Statements of Ambassador Smith, Foreign Minister Molotov, President Truman and Secretary of State Marshall). Department of State Bulletin, Vol. XVIII, No. 464, May 23, 1948, pp. 679-686; (Text of Letter to Stalin from Henry Wallace and Text of Stalin's Reply of May 17, 1948), USSR Information Bulletin, May 26, 1948; (Department of State Comment on Stalin's Letter to Wallace), Department of State Press Release No. 390, May 18, 1948.

MAJOR PROBLEMS EXISTING BETWEEN U.S. AND U.S.S.R. Department of State Bulletin, Vol. XVIII, No. 465, May 30, 1948, pp. 705-706.

SOVIET VIOLATIONS OF TREATY OBLIGATIONS (Document Submitted by the Department of State to the Senate Committee on Foreign Relations). Department of State Bulletin, Vol. XVIII, No. 466, June 6, 1948, pp. 738-744.

FIRM AND DETERMINED COURSE FOR THE DEMOCRACIES (Statement by Secretary of State Marshall, May 28, 1948). Department of State Bulletin, Vol. XVIII, No. 466, June 6, 1948, pp. 744-746.

ADDRESS BY PRESIDENT TRUMAN ON UNITED STATES-SOVIET RELATIONS (delivered at Berkeley, California, June 12, 1948), Department of State Bulletin, Vol. XVIII, No. 468, June 20, 1948, pp. 804-806.

SELECTIVE SERVICE ACT OF 1948. Senate Report No. 1268 (Calendar No. 1319), 80th Congress, 2nd Session. U.S. Government Printing Office, Washington, D.C., 1948, 23 pp.

MR. BEVIN'S SPEECH IN THE FOREIGN AFFAIRS DEBATE IN THE HOUSE OF COMMONS OF 4TH MAY, 1948 (Official Text). British Information Services, Release T.3, Washington, D.C., May 5, 1948, 9 pp. mimeo.

UNITED NATIONS SYSTEM

STRENGTHENING THE UNITED NATIONS (Statements by Secretary of State Marshall and Ambassador Austin). Department of State Bulletin, Vol. XVIII, No. 463, May 16, 1948, pp. 623-632, 655.

RESOLUTION ON STRENGTHENING THE UNITED NATIONS, May 19 S. Res. 239, Report No. 1361, 80th Congress, 2nd Session, Calendar No. 1409, 2 pp.

RESOLUTION ON STRENGTHENING UNITED NATIONS (Report of Senate Committee on Foreign Relations), May 19, 1948, 80th Congress, 2nd Session, Calendar No. 1409, Report No. 1361, 9 pp.

A BILL TO STRENGTHEN THE UNITED NATIONS AND PROMOTE INTERNATIONAL COOPERATION FOR PEACE (Introduced in House of Representatives June 3, 1948). H.R. 6802, 80th Congress, 2nd Session, 32 pp.

UNITED NATIONS PARTICIPATION ACT (Report of the Committee on Foreign Affairs on H.R. 6802), 80th Congress, 2nd Session, House Report No. 2291, June 9, 1948, U.S. Government Printing Office, Washington, D.C., 1948, 64 pp.

THE PROBLEM OF VOTING IN THE SECURITY COUNCIL (Preliminary Report of Sub-Committee 3 of the Interim Committee of the General Assembly), United Nations Document A/AC.18/62, June 3, 1948, 39 pp. mimeo.; (Second Report of Working Group of Sub-Committee 3), United Nations Document A/AC.18/SC.3/7, June 18, 1948, 6 pp. mimeo.

STATEMENT BY SECRETARY-GENERAL TRYGVE LIE ON STRENGTHENING THE UNITED NATIONS (June 10, 1948), United Nations Press Release M/446, June 10, 1948, 5 pp. mimeo.

THIRD REPORT OF THE ATOMIC ENERGY COMMISSION TO THE SECURITY COUNCIL. United Nations Document AEC/31, May 25, 1948, 79 pp. mimeo.

UNITED STATES POSITION AND VIEWS ON ATOMIC ENERGY (Statement by Philip C. Jessup, Deputy U.S. Representative in the Security Council, U.S. Resolution), Department of State Bulletin, Vol. XVIII, No. 468, June 20, 1948, pp. 798-799.

COMMUNICATION FROM WORLD FEDERATION OF TRADE UNIONS TO SECRETARY-GENERAL OF UNITED NATIONS REQUESTING THAT ATTACKS ON TRADE UNION RIGHTS BE INCLUDED IN AGENDA OF ECOSOC, United Nations Document E/822, June 15, 1948, 31 pp. mimeo.

REPORT OF THE POPULATION COMMISSION (Third Session, 10 to 25 May, 1948). United Nations Document E/805, May 26, 1948, 30 pp. mimeo.

EUROPE

A SURVEY OF THE ECONOMIC SITUATION AND PROSPECTS OF EUROPE. United Nations Department of Economic Affairs, Research and Planning Division, Economic Commission for Europe, Geneva, 1948, 206 pp.

ANNUAL REPORT BY THE ECONOMIC COMMISSION FOR EUROPE TO THE ECONOMIC AND SOCIAL COUNCIL (July 15, 1947 to May 8, 1948), United Nations Document E/791, May 18, 1948, 58 pp. mimeo.

SUSPENSION OF AUSTRIAN TREATY NEGOTIATIONS (Department of State Release, May 26, 1948). Department of State Bulletin, Vol. XVIII, No. 466, June 6, 1948, pp. 746-747.

LONDON CONFERENCE RECOMMENDATIONS ON GERMANY, Department of State Bulletin, Vol. XVIII, No. 468, June 20, 1948; Text of Communiqué, pp. 807-810; Statement by General Marshall, pp. 810-811; Explanation of the Conference, pp. 811-813.

COMMUNIQUE: ASSOCIATION OF BENELUX COUNTRIES IN POLICY REGARDING GERMANY (with Annex on International Control of the Ruhr).

May-June 1948

Department of State Press Release No. 454, June 7, 1948, 7 pp. mimeo.

STATEMENT ON SIX-POWER CONFERENCE BY SECRETARY OF STATE MARSHALL, Department of State Press Release No. 469, June 9, 1948, 1 p. mimeo.

TEXT OF FIRST LAW OF CURRENCY REFORM IN WESTERN ZONES OF GERMANY (promulgated June 18, 1948), Department of the Army Press Release, June 19, 1948, 9 pp. mimeo.

OFFICIAL SUMMARY OF CURRENCY REFORM LAW NO. 3 FOR WESTERN ZONES OF GERMANY (promulgated June 26, 1948), New York Times, June 27, 1948.

STATEMENT ON SITUATION IN BERLIN BY SECRETARY OF STATE MARSHALL, Department of State Press Release No. 532, June 30, 1948, 1 p. mimeo.

REPORT OF THE ADMINISTRATION OF THE BRITISH-UNITED STATES ZONE OF THE FREE TERRITORY OF TRIESTE, 1 JANUARY TO 31 MARCH 1948. United Nations Document S/781, May 25, 1948, 48 pp. mimeo.

UNITED STATES PROPOSAL FOR CONFERENCE REGARDING DANUBE RIVER, Department of State Bulletin, Vol. XVIII, No. 466, June 6, 1948, pp. 735-736.

DEPARTMENT OF STATE ANNOUNCEMENT CONCERNING DANUBE RIVER CONFERENCE, Department of State Press Release No. 502, June 21, 1948, 1 p. mimeo.

THE COUP D'ETAT IN PRAGUE (Supplement III, A, of Country Studies on the Report Entitled: The Strategy and Tactics of World Communism). Report of Subcommittee 5 of the House Committee on Foreign Affairs on National and International Movements. Subcommittee Print, U.S. Government Printing Office, 1948, 27 pp.

REPORT OF THE FAO MISSION FOR POLAND. Food and Agriculture Organization of the United Nations, Washington, 1948, 159 pp.

PARTIAL TEXT OF COMMUNIST INFORMATION BUREAU'S DECLARATION ON YUGOSLAV PARTY CHIEFTAINS, New York Times, June 29, 1948.

EXCERPTS FROM YUGOSLAV COMMUNIST PARTY'S COMMUNIQUE ON COMMUNIST INFORMATION BUREAU'S CHARGES AGAINST IT, New York Times, June 30, 1948.

MIDDLE EAST AND AFRICA

COMMUNISM IN THE NEAR EAST (Supplement III, B, of Country Studies on the Report Entitled: The Strategy and Tactics of World Communism). Report of Subcommittee 5 of the House Committee on Foreign Affairs on National and International Movements. Subcommittee Print, U.S. Government Printing Office, 1948, 36 pp.

REPORT OF AD HOC COMMITTEE ON PROPOSED ECONOMIC COMMISSION FOR THE MIDDLE EAST TO THE ECONOMIC AND SOCIAL COUNCIL, United Nations Document E/AC.26/16, June 3, 1948, 33 pp. mimeo.

THIRD REPORT TO CONGRESS ON ASSISTANCE TO GREECE AND TURKEY (for the period ended March 31, 1948), Department of State Publication 3149, Economic Cooperation Series 9, Released June 1948, U.S. Government Printing Office, 63 pp.

ISRAEL PROCLAIMED AS AN INDEPENDENT REPUBLIC (Statement by President Truman). Department

of State Bulletin, Vol. XVIII, No. 464, May 23, 1948, p. 673.

U.S.S.R. RECOGNIZES ISRAEL (Exchanges between Foreign Affairs Minister Molotov and Foreign Affairs Minister Moshe Shertok). USSR Information Bulletin, Vol. VIII, No. 10, May 26, 1948, pp. 306, 328.

FURTHER CONSIDERATION OF THE QUESTION OF THE FUTURE GOVERNMENT OF PALESTINE (Resolutions Adopted by the General Assembly). Department of State Bulletin, Vol. XVIII, No. 465, May 30, 1948, p. 694.

FURTHER DISCUSSION IN THE SECURITY COUNCIL OF THE PALESTINE SITUATION (Statements by Ambassador Warren R. Austin). Department of State Bulletin, Vol. XVIII, No. 465, May 30, 1948, pp. 695-698.

SECURITY COUNCIL ACTION ON PALESTINE (Resolutions adopted by the Security Council May 22 and 29, 1948). Department of State Bulletin, Vol. XVIII, No. 466, June 6, 1948, p. 729.

ACCEPTANCE OF FOUR-WEEK TRUCE RESOLUTION BY JEWISH AND ARAB LEADERS. Department of State Bulletin, Vol. XVIII, No. 467, June 13, 1948, pp. 763-766.

CEASE FIRE AND TRUCE PROPOSALS SUBMITTED TO JEWISH AND ARAB STATES, Department of State Bulletin, Vol. XVIII, No. 468, June 20, 1948, pp. 794-797.

CABLEGRAM FROM UNITED NATIONS MEDIATOR TO SECRETARY-GENERAL TRANSMITTING TEXT OF AGREEMENT OF JUNE 16 CONCERNING CONTROL OF "NO MAN'S LAND," JERUSALEM AREA, AND OTHER TRUCE DETAILS, United Nations Document S/845, June 21, 1948, 3 pp. mimeo.

EAST AND SOUTHEAST ASIA

INTERIM REPORT AND RECOMMENDATIONS ON INDUSTRIAL DEVELOPMENT BY THE WORKING PARTY - ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST. United Nations Document E/CN.11/82, May 26, 1948, 75 pp. mimeo.

REPORT OF EXECUTIVE SECRETARY ON ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST, United Nations Document E/CN.11/91, June 1, 1948, 6 pp. mimeo.

RESOLUTION ON THE INDIA-PAKISTAN QUESTION. Department of State Bulletin, Vol. XVIII, No. 464, May 23, 1948, pp. 698-700.

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